

T. 35 N., R. 112 W., 6th P. M.
Sec. 11: SE/4SE/4;
Sec. 12: SW/4SW/4;
Sec. 13: W/2NW/4, NW/4SW/4;
Sec. 14: N/2NE/4, SE/4NE/4;
containing 320 acres more or less.

Subject to certain hereinafter set forth conditions, Assignor reserves and Assignee does hereby agree to pay to Assignor, on or before the 20th day of each month, a sum representing three per cent (3%) of the market value, as herein-after determined, of all oil, gas, and casinghead gas produced, saved and marketed from any of the above described lands by Assignee under said above described leases.

Assignor represents and warrants to Assignee that Assignor is the only party owning or claiming any interest in said above described leases and that Assignor has not heretofore sold, assigned, transferred, encumbered or conveyed said leases or any right, title or interest therein, and that Assignor has full power, right and authority to execute this assignment, and to convey said above described leases and that all of the obligations and duties imposed by the terms of said leases upon the Lessees therein have been fully performed and complied with.

Said overriding royalty shall be computed and paid on the basis of the market price for oil, gas and casinghead gas prevailing in the field where produced for oil, gas and casinghead gas of like quality, provided that no overriding royalty shall be paid or shall accrue upon any oil, gas or casinghead gas used for operating development or production purposes upon said above described lands or unavoidably lost, and no overriding royalty shall be payable upon gas and casinghead gas used for recycling or repressuring operations benefiting said above described lands.

In computing the amounts to be paid Assignor hereunder as above provided, Assignee shall have the right to deduct from the value of the oil, gas, casinghead gas, or the proceeds thereof, upon which said overriding royalty is computed the full amount of any taxes required to be paid on such oil, gas and casinghead gas