

demand concerning remedial work or operations, shall forthwith send a copy thereof to the other party.

12. RIGHT OF SURRENDER

"Pfaff-Quealy" may at any time, and from time to time, surrender to Western all or any portion of the lands herein described from the effect of this agreement, whereupon all obligations and rights of "Pfaff-Quealy" as to such surrendered lands shall cease and terminate, except for obligations which have theretofore accrued upon royalties or under the provision of Paragraph 11 hereof, and/or for the completion of operations then in progress, and/or proper abandonment of wells theretofore drilled. In the event of any partial surrender contemplated herein, the same shall be by legal subdivisions.

13. WESTERN RIGHT OF ASSIGNMENT

Western may at any time, and from time to time, transfer and assign to "Pfaff-Quealy" their right, title and interest in and to the oil and gas leases or operating agreements above set forth; provided, that such assignment shall be made without warranty and shall effect areas of not less than 160 acres, which said area shall be, if possible, in legal subdivisions. Upon so assigning all or any portion of said leasehold estate Western shall be released of any and all obligations hereunder, except for obligations which have theretofore accrued upon royalties, or under the provisions of Paragraph 11 hereof, and/or for the completion of operations then in progress, and/or proper abandonment of wells theretofore drilled. As to any lands subject to and committed to the Unit Plan, any tender of assignment as to such lands from Western to "Pfaff-Quealy" shall include all of Western's lands and holdings within said Unit Area, and "Pfaff-Quealy" shall have the right to be substituted as the Unit Operator. Within Sixty (60) days from the tender of such assignment by Western to "Pfaff-Quealy", "Pfaff-Quealy" shall at its election either qualify to accept and shall accept such assignment, or shall surrender their interest in the lands contained in such tendered assignment so as to enable Western to surrender such lands to the parties entitled thereto.

14. UNITIZATION

Western agrees to execute any and all instruments necessary or proper to unitize said oil and gas leases under any unit plan approved by the Secretary of the Interior insofar as such unit plan effects the "Deep Zones."

15. NOTICES AND PAYMENTS

All notices required to be served hereunder, or payments to be made, shall be so served or made by the delivering of the same to, and leaving the same at the office of the party upon or to whom said notice is to be served or payment made, or by depositing notice or payment in the United States Mail, registered, postage fully prepaid thereon, addressed to the parties hereto to the following addresses, to-wit: