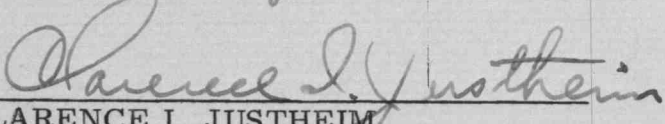


For the same consideration, Grantors do hereby cancel, release, relinquish and surrender unto Grantee their right under said production payment to receive the sum of Twenty-five Thousand Dollars (\$25,000.00) on September 1, 1955, as an advance against said production payment in the event on or before that date production is not being marketed from the properties covered by said production payment and they do hereby declare and acknowledge that said advance against said production payment (if it should become due under the terms of said production payment) has been fully paid and discharged.

Grantors warrant that they are the owners of the said production payment reserved by them in the contract between Grantors and Arthur Belfer dated August 29, 1952, and recorded in Book 4, Page 245, of the Oil and Gas Lease Records of Sublette County, Wyoming, to which contract and the record thereof reference is here made for a full description of said production payment and all the terms and provisions thereof, and Grantors warrant that they have full right and authority to convey the interest in said production payment herein conveyed, and that they have not heretofore conveyed any interest in said production payment, and that said production payment is free and clear from all liens, charges and encumbrances, and they do further covenant by and with Grantee forever to warrant and defend all and singular the rights and interests in and to said production payment conveyed herein to Grantee against the lawful claims of all persons claiming or to claim the same.

IN WITNESS WHEREOF Grantors have executed this instrument the 26th day of July, 1954.


J. H. MORGAN, SR.


CLARENCE I. JUSTHEIM