

With respect to the "Deep Zones" under the lands included in the United States oil and gas leases above described, if said "Deep Zones" are segregated for computing government royalty, payments on account of the production payment hereinabove described and set out shall be suspended to the extent that the production payment hereinabove set out when added to overriding royalties or payments out of production previously created and to the royalty payable to the United States shall exceed 17-1/2% if and when the average production per well per day from said "Deep Zones" averaged on the monthly basis is (a) as to oil, fifteen (15) barrels or less, and (b) as to gas, one-half million cubic feet or less. It is specifically agreed, however, that Pfaff-Quealy, its successors and assigns, shall at all times operate its portion of the above described leases in good faith and in accordance with good oil field practice and the applicable regulations; and it is further agreed that, subject to good oil field practice and the applicable regulations, Pfaff-Quealy, its successors and assigns, shall not manipulate production or marketing from its zones of the above described lands in order to deprive Western of any rights under its production payment above set out.

10. REQUIRED NEW OPERATIONS:

In the event either party fails, neglects or refuses to begin and thereafter diligently pursue any new drilling operations required to be done by it in its own designated zone of operations, pursuant to the direction or order of the United States Geological Survey or any other governmental agency having or claiming to have jurisdiction over