

12. RIGHT OF SURRENDER:

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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 provisions 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'S RIGHT OF ASSIGNMENT:

Western may at any time, and from time to time, transfer and assign to Pfaff-Quealy its 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 affect 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 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 its interest in the lands contained in such tendered assignment so as to enable Western to surrender such