

paid on or before the last day of each month next succeeding the month in which said oil, gas, casinghead gas and other minerals are marketed or at such time as may be provided by the terms of any Co-Operative or Unit Plan covering said lands, and when paid shall constitute full settlement with Assignors by Assignee on account of all of said minerals produced from said lands or for the value or proceeds, as the case may be, of all of said production. It is distinctly understood and agreed that no royalty payable hereunder to Assignors shall be payable or accrue, or be computed, upon any oil, gas, casinghead gas and other minerals produced from said lands or allocated thereto, as hereinafter provided, which are used for operating, development or production purposes, including gas and casinghead gas unavoidably lost, or used for recycling or repressuring operations on any of the lands covered by said lease or so used on any lease or other lands covered by any said Co-Operative or Unit Plan or other agreements similar in nature.

Insofar as assignors have the right so to grant, they do hereby grant to assignee the right and authority to include and incorporate said lands and lease in any cooperative or unit plan or similar agreement, agreeable to assignee.

If the lands above described, or any part thereof, are incorporated in a Co-Operative or Unit Plan or similar agreement, assignee shall take into consideration any and all production allocated to the different portions of the lands covered thereby, as provided therein, without regard to the lands from which said production is actually obtained and the production so allocated to all or any part of the tracts of land embraced in said oil and gas lease under said Co-Operative or Unit Plan or similar agreement shall, for the purpose of calculating said overriding royalties to be paid assignors, control and be binding and conclusive upon the parties hereto as to the amount of production from said lands and be regarded as having been produced from the particular land to which it is so allocated and not from any other tract of land and the royalty payments to be made as hereinabove provided, shall be based and paid only on such production as is so allocated to the lands covered hereby.

In computing the amount of any overriding royalty payable to assignors hereunder, assignee shall have the right to deduct from the value and proceeds of the oil, gas, casinghead gas and other minerals on which such overriding royalty is computed, as aforesaid, the full proportionate amount of any taxes required to be paid or which may be levied or assessed thereon or on the value thereof, or for or on account of the production, severance and sale thereof.

No change in the ownership of said overriding royalty or any interest therein shall be binding upon assignee, unless and until assignee shall be furnished with the original or certified copy of the instrument of transfer and such other legal evidence as may be required by assignee.

As between the parties hereto the full control and discretion as to the location and drilling of wells, the extent and manner of operating and developing said lands as to each and every part thereof for oil and gas purposes and all production and operation practices and all decisions with respect thereto shall at all times be vested in assignee, and nothing herein contained shall be deemed, as between the parties hereto, to obligate assignee to drill for, produce, save and sell oil, gas, casinghead gas or any other mineral for the benefit of assignors.

TO HAVE AND TO HOLD unto the said Sinclair Oil & Gas Company, its successors and assigns, subject to the terms and conditions of said lease; the grants herein contained extending to any renewal lease, substitute lease or new lease issued in lieu thereof or by reason thereof.

IN WITNESS WHEREOF, this instrument is executed this 27th

day of August, 19 54.

WITNESS:

*Frank B. Murta*

Frank B. Murta

*Mildred C. Murta*

Assignors Mildred C. Murta