

produced by Pfaff-Quealy hereunder, such royalties to be paid directly to the parties thereunto entitled.

7. TAXES, LIENS, ETC.:

Pfaff-Quealy shall pay all taxes, charges and assessments levied or assessed against said lands in connection with Pfaff-Quealy's operations hereunder. In the event such taxes, charges or assessments are not assessed separately against the "Deep Zones" and the other rights in said premises retained by Western, an equitable division of said taxes, charges and assessments shall be made between Western and Pfaff-Quealy, provided that until and unless production is developed from the "Deep Zones", all taxes, charges and assessments shall be paid by Western. Pfaff-Quealy shall pay and satisfy all claims for material, supplies and labor in connection with its operations hereunder, and shall keep said lands and the interests of Western therein free of liens or incumbrances of any and all kind on account of any act of Pfaff-Quealy.

8. RENTALS:

The cost of the rentals reserved under the terms of the said lease accruing after the date hereof shall be borne equally by Western and Pfaff-Quealy, provided, however, Western shall pay all of such rentals on or before the date the same become due and shall submit evidence of such payment in writing to Pfaff-Quealy not later than ten (10) days after the due date of such rentals. Pfaff-Quealy shall reimburse Western for one-half of such rentals within thirty (30) days after the receipt of statement of rentals so paid by Western. If Pfaff-Quealy shall not receive evidence from Western in writing of the payment of any of said rentals within ten (10) days after the due date thereof, Pfaff-Quealy may, at its