

then the other party may, at its election, within fifteen (15) days following written notice to the defaulting party, effect such remedy, perform such act, or make such payment, on behalf of the defaulting party, and may collect from the defaulting party One Hundred Per Cent (100%) of the sum expended thereon, plus Six Per Cent (6%) annual interest on the unpaid balance thereof. The parties hereto, upon receipt of any notice or demand concerning remedial work or operations, shall forthwith send a copy thereof to the other party.

12. RIGHT OF SURRENDER:

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 lease or operating agreement 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