

contractor had the drilling of the well been let to an independent contractor, except that Operator shall not assume any loss, risk, damage or liability resulting from the well blowing out, cratering, or running wild, except injury to Operator's equipment and to Operator's agents, servants and employees; but all loss, risk, damage or liability not assumed by Operator shall be borne by the Joint Account. Where the cost of the well drilled by Operator is not charged on a contract basis, but on the basis of actual cost, Operator assumes none of the risks incident to the drilling of the well, but the risks shall be borne by the Joint Account.

(5)

The gas and casinghead gas produced, saved and sold from the properties covered by this operating agreement are subject to that gas sales contract entered into by and between Arthur B. Belfer and Pacific Northwest Pipe Line Corporation July 24, 1953, and assigned to Belco Petroleum Corporation by Arthur B. Belfer. All minerals other than those covered by said Pacific Northwest sales contract shall be owned by each of the parties hereto, and each of the parties shall have the right to receive and dispose of in kind their respective proportionate parts of all minerals not covered by said contract. If Non-Operator shall elect to take his proportionate part of said minerals in kind, he shall pay Operator any additional expense incurred by Operator in effecting delivery and shall also pay the royalty, overriding royalty and other charges due and payable under said leases with respect to his interest and shall, at his own cost, provide separate storage facilities for such products so taken in kind.

All sales made hereunder shall be upon terms providing for the payment of the proceeds from each participating party's portion of the product, direct to such party, except and only in instances when Operator is entitled to receive the same for application upon amounts due Operator hereunder from such party.

(6)

A. INSURANCE: Operator shall not be liable in any way for injuries to or death of employees of Non-Operator arising out of or resulting from operations hereunder unless occasioned by willful misconduct or gross negligence of Operator.

Operator shall carry and maintain in effect at all times the following insurance:

<u>Kind of Insurance</u>	<u>Limits of Coverage</u>
Workmen's Compensation	Statutory
Contractor's Public Liability--	
1. Bodily Injury	\$100,000 each person \$200,000 each accident
2. Property Damage. (above ground level)	\$100,000 each accident \$100,000 aggregate
Owned Automobile Liability--	
1. Bodily Injury	\$100,000 each person \$200,000 each accident
2. Property Damage.	\$ 10,000 each accident
Non-Ownership Automobile Liability--	
1. Bodily Injury	\$100,000 each person \$200,000 each accident
2. Property Damage.	\$ 10,000 each accident