

Non-Operator, in taking out separate insurance, shall consult with Operator to the end that a policy or policies proposed to be taken out by one shall not conflict with and invalidate policies taken out by the other.

Operator shall not be liable in any event for any loss by fire, windstorm, insurrection, war, strikes, lock-outs, or other casualty occurring to any of the property held and operated by Operator hereunder for the joint account of the parties hereto.

Operator or Non-Operator may procure and maintain fire, windstorm, or other casualty insurance in such amounts as they may desire on such party's share of the jointly owned equipment and facilities used in the development and operation of the jointly owned property. The benefits of such insurance shall inure to the participants who procure and maintain it, and the cost of such insurance shall be borne by the individual participants who procure it, without reimbursements, one from the other, and without entering into the accounting under this agreement; provided that in each insurance policy so procured there shall be included a waiver on the part of the insurance company of all right of subrogation or against each party not named in such policy as an assured, provided the insurers will issue such waiver.

Operator shall furnish Non-Operator written notice of damages or losses incurred by fire, storm or flood, or other natural or accidental cause as soon as possible after report of same is received by Operator.

Where Operator under this agreement is required to carry insurance for the benefit of Non-Operator, Operator shall furnish Non-Operator with certificates of insurance from the insurers, said certificates to provide for ten days' notice to Non-Operators before cancellation.

B. LABOR: In conducting operations hereunder, Operator shall comply with all applicable federal and state laws with reference to labor and with all applicable rules and regulations of the federal and state governmental agencies having jurisdiction with respect to labor.

(7)

NON-OPERATOR'S RIGHTS AND PRIVILEGES: Non-Operator shall have the following specific rights and privileges:

- (a) Access to the Joint Leases at all reasonable times to inspect the operations. Operator shall give Non-Operator reasonable advance notice of any such operation if requested by Non-Operator, and to full information regarding all operations hereunder.
- (b) The right to inspect and receive copies of the logs, samples, and cuttings from any and all wells drilled and all electrical surveys or other tests hereunder.
- (c) The right to inspect and audit at all reasonable times the Operator's books, records and invoices pertaining to any matter of accounting arising hereunder.
- (d) The right to require that special tests customarily used in the oil and gas business and deemed advisable by Non-Operator, or his designated representative, be made for the Joint Account of any well drilled hereunder.
- (e) Operator shall furnish to Non-Operator at his principal place of business monthly production reports and copies of all monthly production and run reports tendered to authorities entitled to receive them.

(8)

LIABILITY OF PARTIES: The liability of the parties hereunder shall be several and not joint or collective. Each party shall be responsible only for his or its obligations as set out herein and shall be liable only for his or its