

and other good and valuable considerations in hand paid by ~~hereinafter for convenience designated "Assignee," the receipt of which is hereby confessed and acknowledged, and the other agreements and promises herein after contained, does hereby grant, bargain, sell, convey, transfer and set over and assign to said Assignee, the following described oil and gas lease, to-wit:~~

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TO HAVE AND TO HOLD the interest herein transferred and assigned unto Assignee, Assignee's heirs, executors, administrators, successors and assigns forever.

I. WARRANTIES Assignor represents and warrants to Assignee that, except as hereinbelow in this paragraph specifically set out, Assignor is the only party owning or claiming any interest in said above described lease and that Assignor has not heretofore sold, assigned, transferred, encumbered or conveyed said lease or any right, title or interest therein, and that Assignor has full power, right and authority to execute this assignment, and to convey said above described lease and that all of the obligations and duties imposed by the terms of said lease upon the lessee therein have been fully performed and complied with:

II. OVERRIDING ROYALTY Subject to certain hereinafter set forth conditions, Assignor reserves and Assignee does hereby agree to pay to Assignor on or before the 20th day of each month a sum representing (5) five per cent. of the market value, as hereinafter determined, of all oil, gas and casinghead gas produced, saved and marketed from any of the above described lands by Assignee under said above described lease.

Said overriding royalty shall be computed and paid on the basis of the market price for oil, gas and casinghead gas prevailing in the field where produced for oil, gas and casinghead gas of like quality, provided that no overriding royalty shall be paid or shall accrue upon any oil, gas or casinghead gas used for operating, development or production purposes upon said above described lands or unavoidably lost, and no overriding royalty shall be payable upon gas and casinghead gas used for recycling or repressuring operations benefiting said above described lands.

In computing the amounts to be paid Assignor hereunder as above provided, Assignee shall have the right to deduct from the value of the oil, gas, casinghead gas, or the proceeds thereof, upon which said overriding royalty is computed the full amount of any taxes required to be paid on such oil, gas and casinghead gas for or on account of the production or sale thereof, including the so-called gross production or severance taxes.

Assignee shall not be required to take cognizance of any deed, assignment, transfer or passing of title by will, testament or inheritance of said overriding royalty or of any interest therein, unless and until Assignee shall have been furnished with legal evidence of such deed, assignment, transfer or passing of title by will, testament or inheritance which is acceptable to the Assignee. Assignee may, until in writing specifically notified of any claim adverse thereto, rely upon any certified copy of, and in making payments hereunder give effect to any decree or order of any court of record and the recitals contained therein, and any instrument of conveyance, certificate of sale or release executed by any executor or administrator, guardian or conservator, public officer, or officer or appointee of any court, all irrespective of, and without investigation as to, any defects, irregularities, want of service, defect of service, lack of jurisdiction, or other possible grounds of invalidity or nullity thereof. In no event shall Assignee be liable hereunder to any successor in interest of Assignor to all or any part of said overriding royalty until after Assignee has been furnished with proof of interest or notice of adverse claim of such successor in interest, and then only for payments accruing after the first day of the following calendar month. In the event of any dispute at any time concerning the ownership of any overriding royalty payable hereunder, Assignee may withhold payment of such overriding royalty without interest until such dispute is settled.

All sums payable hereunder by Assignee to Assignor may be paid by check of Assignee to Assignor or deposited to the credit of Assignor in the

Bank of

which Bank, as such depository, is hereby named, designated and accepted by Assignor as its agent for the receipt of all such money. Said Bank shall remain as such agent notwithstanding any change in ownership of the interest of Assignor hereunder unless and until Assignor, its representatives and assigns, shall, by written notice to Assignee, name and designate some other depository bank to which such payments may be made. Any payments made by Assignee to any such depository bank shall be full acquittance and shall relieve Assignee from all obligations hereunder to the extent of the payment or payments so made.

It is further agreed that if at any time there shall be more than six (6) parties entitled to receive payments to be made hereunder, then Assignee shall have the right to withhold all payments hereunder unless and until all such parties entitled to payment hereunder shall designate, in writing, in a recordable instrument to be delivered to Assignee, a trustee to receive all said overriding royalty payments, to execute division orders and to act in all matters involving said overriding royalty for and on behalf of said parties and their respective successors in title.

III. DEVELOPMENT It is expressly understood and agreed that notwithstanding the grant to Assignor of said above described overriding royalty, Assignee shall have, and Assignor hereby grants and conveys to Assignee, the exclusive right, as between the parties hereto, to develop and operate all of the above described lands and every part thereof to such extent and in such manner as Assignee shall determine to be proper without incurring any liability whatsoever to Assignor and nothing herein contained shall be deemed, as between the parties hereto, to obligate Assignee to drill for, produce or market oil from any of said above described lands to any greater extent than required by the terms and conditions of said above described lease.

IV. UNITIZATION It is understood and agreed that Assignee shall have the right, as to all or any part of the above described lands and as to any sand or horizon thereof, to enter into a cooperative or unit plan of development or operation, or other plan for the conservation of oil or gas in a single pool or area, or other agreements relating to the development and production from said land in such manner and form as Assignee shall deem proper, and from time to time to modify, change or terminate any such plan or plans or agreements; and Assignor hereby expressly ratifies and approves all such plans and agreements which may be so entered into by Assignee. In the event that said above described lands, or any part thereof, or any sands or horizons thereof, shall hereafter be operated under any such cooperative or unit plan of development or operation whereby the production therefrom is allocated to different portions of the lands covered by said plan, then the production allocated to any particular tract of land shall, for the purpose of computing the overriding royalty payments to be made to Assignor under the provisions hereof, be regarded as having been produced from the particular tract of land to which it is allocated and not to any other tract of land, and the overriding royalty payments to be made hereunder to Assignor shall be based upon the production only as so allocated.

V. SURRENDER It is specifically understood and agreed that Assignee reserves and shall have the right to release and surrender said above described lease, either in whole or in part, at any time and from time to time, (thereby terminating any overriding royalty reserved above to Assignor in the land so surrendered), without giving any notice thereof to, or obtaining any consent or approval from, Assignor or Assignor's successors in interest.

The overriding royalty set-out above is the total overriding royalty outstanding against the lands described and includes 2% previously reserved by John H. Wilson, II, and 2% previously reserved by Mary Alice Guenzel.

VI. This agreement shall be binding upon and inure to the benefit of the heirs, representatives, administrators, executors, successors and assigns of the parties hereto.

EXECUTED this 7th day of May 1954

WITNESS:

ATTEST:

WITNESS:

Attest:

WITNESS:

Attest:

Assistant Secretary

Low

Land

Acc't

Secretary

Asst. Secretary

El Paso Natural Gas Company, Assignee

By: Malco Refineries, Inc., Assignee

By: Continental Oil Co., Assignee

By: Assignee

ENTERED
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