

hereunder, the Grantor will continuously operate or cause to be operated, the properties described in Exhibit "A" for the production of oil and/or gas in good and workmanlike manner and in accordance with all applicable governmental laws, rules and regulations, and in accordance with approved practices in the industry, and that the Grantor will pay, or cause to be paid, all operating charges and expenses, taxes, royalties and rentals, and fulfill, or cause to be fulfilled, all express and implied obligations of the lessee under the terms of each of the leases and leasehold interests described in Exhibit "A", and will keep said production payment free and clear of all liens, encumbrances and adverse claims. The Grantor further covenants that it will at its own cost and expense recover, produce and deliver to Grantee's credit in the pipelines, to which the wells on the leases described in Exhibit "A" may be connected, the aforementioned interests hereby conveyed of the oil and gas produced from said properties if, as and when the same are produced and sold, until the Grantee shall have received the sums hereinabove mentioned.

The Grantor hereby agrees that it will furnish, or cause to be furnished, to the Grantee a detailed report each month with respect to the oil runs and gas deliveries from the interests hereby conveyed for the next preceding calendar month.

The Grantor further covenants that if any lease set forth in Exhibit "A" is about to terminate or expire by its term and the Grantor does not intend to renew such lease, then at least 90 days prior to the termination or expiration of such lease it will serve the Grantee with a written notice sent by registered mail offering to assign to the Grantee without cost all of the Grantor's right, title and interest in and to such lease, and to assign to Grantee for the salvage value thereof such of the leasehold equipment and other personal property owned by the Grantor and then located on the property covered by such lease as the Grantee desires to acquire; it being understood that Grantor prior to serving such notice may remove all removable personal property and equipment from such property. The Grantee shall have a period of 20 days after receipt of such notice in which to serve the Grantor with a written notice sent by registered mail that the Grantee elects to receive such assignment. If the Grantee shall duly serve such notice upon the Grantor, then the Grantor agrees to deliver to the