

Overriding royalties:

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Subject to certain conditions hereinafter set forth, the overriding royalty reserved by assignor as indicated in Paragraph 4 on the face of this assignment shall be paid on or before the 20th day of each month and shall consist of a sum representing the above stated percentage 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 assignees 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, assignees 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.

Assignees 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 assignees 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 assignees. Assignees 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 assignees be liable hereunder to any successor in interest of assignor to all or any part of said overriding royalty until after assignees have 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, assignees may withhold payment of such overriding royalty without interest until such dispute is settled.

All sums payable hereunder by assignees to assignor may be paid by check of assignees to assignor or deposited to the credit of assignor in the Bohannon National Bank of Casper, Wyoming, 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 assignees, name and designate some other depository bank to which such payments may be made. Any payments made by assignees to any