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A. Operator

El Paso shall be the Operator of such reservoir and shall conduct all operations for the development of such reservoir and operate all wells completed in such reservoir. El Paso shall have the primary right to determine the rate of withdrawal of substances from such reservoir.

B. Ownership of Substances and Equipment

Until payout when El Paso shall have reimbursed itself as in Subsection 14C below provided, Continental reserves and shall be entitled to receive an overriding royalty of 1/8 of all (8/8) of the substances produced from such gas reservoir free and clear of production and operating costs, subject to the proportionate burden of any taxes on production and severance. Upon such payout being completed, such overriding royalty shall thereupon terminate.

Until such payout, all substances produced and saved from said reservoir and not required for the payment in cash or in kind of all outstanding royalties and overriding royalties shall be owned as follows:

El Paso	75%
Malco	25%

provided, however, that if Malco elects to take in kind its 25% interest, then Continental shall pay to El Paso in cash the reasonable wellhead market value thereof, and, in the event Malco elects not to take in kind and El Paso takes in kind all the substances produced, Continental shall pay Malco for and hold El Paso harmless against Malco's interest therein. In computing the amount of substances to which Malco shall be entitled as above provided and the amount which Continental shall pay El Paso if Malco shall take its substances in kind, no deduction shall be made as a result of the creation of said one-eighth (1/8) of all (8/8) overriding royalty.