

on Exhibit A attached hereto and made a part hereof, such leases
being herein referred to as "said leases." *

2. COMPUTATION -

Net profits shall be computed on the basis of all operations under the Pinedale Unit applicable to said leases.

In the event that leases other than said leases are committed to the Pinedale Unit, the manner of allocating production, revenue and expenses of unit operations shall be determined as provided in the Unit Agreement and such Unit Operating Agreement as First Parties and lessees of such other leases shall enter upon.

Net profits as used herein shall mean the gross revenue (not required for payment of the overriding royalties shown on Exhibit A and landowners' royalties) from unit operations allocable to said leases after deduction of all expenses of unit operations (unit operations being construed to include all operations of any of First Parties under said leases) except those charged to the working interest owners, if any, under the said unit other than First Parties.

In computing gross revenue, there shall be taken into account the proceeds of production sold for delivery at the well-head. As to production not so sold, the fair market value of

*With respect to the net profits contract for the leases shown on Exhibit A of the agreement to which this Exhibit C is attached, the leases to be shown on Exhibit A will be the same as those shown on Exhibit A of such agreement; with respect to the net profits contract for the leases shown on Exhibit A-1 to the agreement to which this Exhibit C is attached, the leases to be shown on Exhibit A will be the same as those shown on Exhibit A-1 to such agreement.

The agreement to be entered by the parties relating to lands described on Exhibit A-1, shall provide for a 5% net profits interest to be paid Novi on all production from or allocated to Exhibit A-1 lands, excluding all reference to the Pinedale Unit.