

27

which are being contested in good faith, promptly after <sup>17</sup> the final determination of such contest), all ad valorem taxes (or taxes imposed in lieu thereof) and other similar taxes or assessments which may be levied upon or assessed against the properties described in Exhibit "A", and all taxes and assessments (other than taxes on or measured by the income or profits of the Grantee) which may be levied upon or assessed against the production payment herein conveyed or measured by the production of oil or gas accruing thereto or against the Grantee by reason of its ownership of this production payment, and including also any interest or penalty payable in connection therewith.

The Grantor further covenants that until the Grantee shall have received all proceeds of sale of oil and/or gas to which the Grantee is entitled 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 a 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 this production payment free and clear of all liens, encumbrances and adverse claims. The Grantor further covenants that it has complied with and will duly comply with and fulfill all covenants required to be fulfilled in order to prevent any forfeiture