

250

per cent, 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.

247

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