

(f) The proceeds of the sale of the Woodson Interest in any nonproducing property should such interest be sold by Grantor pursuant to authority granted to Grantor under Section 8 hereof and the proceeds of any joint sale made by Grantor or Grantee of the Woodson Interest in any producing or nonproducing property prior to the date of first distribution of net profits.

(g) All other moneys and the market value at the time of receipt of all other things of value received by Grantor with respect to or on account of the Woodson Interest in the Producing Properties and the Nonproducing Properties, exclusive of the sale price of its interest in said properties should Grantor sell its interest subject to the Net Profit Overriding Royalty.

6. The total net profits realized from the ownership, maintenance, development and operation of the Woodson Interest (or the total net loss as the case may be) shall be determined by deducting the total charges properly made against the net profits account from the total credits properly made into it (or vice versa in the event a net loss exists). Within 60 days after the close of each calendar month Grantor shall furnish to Grantee a detailed statement clearly reflecting the condition of the net profits account as of the close of business the last day of such calendar month. If at the expiration of two years from the rendition of a particular statement Grantee has received no objection to the items therein reflected or as to debits or credits upon which such items are based, such statement shall be conclusively deemed to be correct for all purposes and Grantor shall no longer be required to maintain any records in connection therewith. Any credit or deficit reflected by any monthly statement shall be carried forward for the next and succeeding months until such credit or deficit has been wiped out or liquidated. The first distribution of net profits, if any, shall be made as of the first day of the month next following the date of final payment of the Woodson Note and thereafter distribution of net profits shall be made monthly. Payment to Grantee of 40% of the amount of any credit balance existing on the first distribution date and on each monthly distribution date thereafter shall be enclosed with the statement rendered as of such date, and Grantor shall be credited with the remaining 60% of the amount of any credit balance existing on each distribution date so as to extinguish any credit balance existing at that time. Grantee shall participate in 40% of the net profits derived from the Woodson Interest as herein provided only after and while all charges, debits and costs properly charged against the net profits account shall have been paid and a credit balance shall exist in the net profits account.

7. Prior to payment in full of the Woodson Note any credit balance existing in the net profits account may be expended by Grantor for the benefit of the Woodson Interest or (within the limitations hereinafter provided) in acquiring additional mineral interests which shall also be subject to the Net Profit Overriding Royalty, provided however that Grantor shall not acquire any new mineral interest which requires an outlay by Grantor in excess of \$100,000.00 without first obtaining the written consent of Grantee; and Grantor agrees not to engage in any business other than the oil and gas business and not to make any investments other than in mineral interests and not to make any expenditures except those reasonably connected with its activities as an oil and gas company. After payment in full of the Woodson Note, Grantee's interest in any credit balance existing in the net profits account shall no longer be subject to expenditure by Grantor but shall be distributed monthly as hereinabove provided, and no mineral interests thereafter acquired by Grantor shall be subject to the Net Profit Overriding Royalty except that any oil, gas and/or mineral lease acquired by Grantor in renewal and extension of a lease then subject to the Net Profit