

IT IS HEREBY AGREED by and between Shell and Assignee as follows:

1. In the event that Assignee produces and saves any of said substances from said lands pursuant to said leases, excepting leases numbered "3" and "4" as set forth in said Exhibit "A", Assignee shall pay Shell the overriding royalty share of the reasonable market value of said substances.

At any time and from time to time by giving Assignee thirty (30) days advance written notice thereof, Shell may, at its option, elect to take its overriding royalty share of oil in kind. In the event that Shell exercises its option to take its overriding royalty share of oil in kind, Assignee agrees to deliver such oil, free of expense to Shell, for Shell's account in any pipe line to which Assignee may connect its wells or storage tanks located on said lands.

On or before the 25th day of each calendar month following the month of removal of production from storage, Assignee shall make payment to Shell of any moneys accrued on account of Shell's overriding royalty share.

2. Assignee shall not (a) make any total or partial surrender, release or relinquishment of said leases as to said lands, nor (b) assign any interest in and to said leases as to said lands without first offering in writing to reassign to Shell the interest desired to be surrendered or assigned and, in case of assignment, upon the same terms and conditions and at the same consideration as in the case of the proposed assignment to a third party. Shell shall have 15 days after the receipt of such offer within which to elect to take a reassignment of such interest, upon such terms and conditions where applicable,