

or loss of any thereof through any cause prior to removal thereof from said lands.

Assignee shall have the right to deduct and retain from any overriding royalty accruing to Assignors hereunder the overriding royalty share of all taxes of whatsoever nature on or affecting said lands, the minerals, oil, gas and other hydrocarbon substances therein or produced therefrom or the production, handling or treating thereof, and any such taxes chargeable to said lands under any such unit plan.

2. Assignee shall make payment of said overriding royalty on or before the 25th day of each calendar month following the month of removal of production from storage.

All payments accruing to Assignors on said overriding royalty shall be made by depositing the same to the credit or order of Assignors at Royalty Distributors, Inc., 215 West Seventh Street, Los Angeles 14, California, as depository, or the successor of said depository, and said depository shall continue as such regardless of any assignment or other transfer of said overriding royalty, or any part thereof, and Assignee shall not be required to see to the division or distribution of said payments to or among any persons who may be entitled thereto. Persons owning not less than two-thirds of said overriding royalty shall have the right by notice in writing addressed to Assignee to designate any other depository in the State of California as the depository for all said payments; provided, however, that Assignee shall not be required to deposit a part of said payments in one depository and a part thereof in another depository. No assignment by Assignors of any part of said overriding royalty shall be binding on Assignee or on said depository until Assignee and said depository shall have been furnished with a duplicate original executed copy or a photostatic copy or a certified copy of such assignment, together with the address of the assignee thereof.

3. Assignors shall have the right to take and receive in kind Assignors' total overriding royalty share of the liquid hydrocarbons. Such right to take in kind shall not be divisible and may be exercised only by all the owners of said total overriding royalty interest electing to do so in writing. Such right may be exercised from time to time but shall cover periods of not less than one year and shall be exercised by written notice to Assignee at least sixty (60) days prior to the commencement of any such yearly period. Whenever Assignors elect to take said total share of the liquid hydrocarbons in kind Assignors shall furnish at Assignors' own sole cost and expense Assignors' own storage therefor and all other facilities for taking and handling the same.

4. Any notice to be given or instrument to be delivered by either of the parties to the other hereunder may be given or delivered in the following manner:

To Assignors: By delivering the same to any one of the parties constituting Assignors in person, or by depositing the same in any United States Post Office, registered, postage prepaid, addressed to

Assignors at 417 South Hill Street
Los Angeles 13, California,

or at such other address as Assignors may designate by written notice given to Assignee:

To Assignee: By delivering the same to Assignee in person, or by depositing the same in any United