

3. This assignment is made subject to all the terms and the express and implied covenants and conditions of said lease(s), to the extent of the rights hereby assigned, which terms, covenants and conditions the Assignee hereby assumes and agrees to perform with respect to the lands covered hereby. Said terms, covenants and conditions, insofar as the said lease acreage is concerned, shall be binding on the Assignee, not only in favor of the lessor or lessors and their successors, heirs and assigns, but also in favor of the Assignor and its successors and assigns.

4. Pan American represents that the title to the lease acreage is free and clear of all overriding royalties, production payments, net profits obligations, carried working interests, or other payments out of or with respect to production, except overriding royalties totaling 3% of the total production, and further represents that the leases and the wells and equipment thereon are free and clear of liens, claims, or encumbrances arising by or through Pan American. Pan American warrants the title to said leases, wells and equipment, said warranty to be limited, however, to the amount of the consideration paid for this assignment or to the actual loss suffered by assignee, whichever is the lesser amount.

5. All notices, reports and other communications required or permitted hereunder, or desired to be given with respect to the rights or interests herein assigned or reserved, shall be deemed to have been properly given or delivered when delivered personally or when sent by certified mail or telegraph, with all postage or charges fully prepaid, and addressed to the Assignor and Assignee, respectively, as follows:

Assignor: Pan American Petroleum Corporation  
Post Office Box 2212  
Casper, Wyoming

Assignee: Belco Petroleum Corporation  
630 - 3rd Avenue  
New York 17, New York

6. The terms, covenants and conditions hereof shall be binding upon, and shall inure to the benefit of, the Assignor and the Assignee and their respective heirs, successors or assigns; and such terms, covenants and conditions shall be covenants running with the lands herein described and the lease acreage herein assigned and with each transfer or assignment of said land or lease acreage.