

interests described in Exhibit "A" attached hereto, which shall become payable under the aforementioned Gas Sales Contracts, to the following extent and only to such extent:

- A. From the effective date of this conveyance to and including April 30, 1961, two (2%) percent of such proceeds.
- B. From and after May 1, 1961, twenty (20%) percent of such proceeds.

It is further expressly provided that no proceeds shall accrue to this production payment for make-up gas taken without payment by El Paso Natural Gas Company in accordance with its right under the above mentioned Gas Sales Contracts as amended.

If any of the proceeds from the sale of any of the production of oil or gas accruing to the production payment herein conveyed shall be withheld as a result of any adverse claim, then such production shall not be deemed to have accrued thereto until the proceeds from the sale thereof shall have actually been received by the Grantee; or if, prior to the receipt of the full net sum of this Production Payment as above provided, by reason of any such claim or failure of title, the Grantee shall be compelled to pay over the proceeds from the sale of any such production theretofore received to a person claiming under a superior title, then such production shall not be deemed to have accrued to this production payment or to have been received by the Grantee or applied in the manner set forth above.

The Grantor, for itself, its successors and assigns, does hereby represent and warrant that it has good right, full power and lawful authority, to grant, bargain, sell, transfer, assign and convey the production payment hereby conveyed in the ~~manner~~ and form hereby done or intended; that the above production payment is free and clear of all liens, encumbrances and adverse claims; that the leases and leasehold interests as described in Exhibit "A" are valid and existing; that all rents and royalties due and payable under said leases have been duly paid and all conditions necessary to keep said leases in full force and effect have been duly performed; that the Grantor is the lawful owner and has good title to such interests hereby conveyed, free and clear of all liens, encumbrances