

note or mortgage, without liability except to account for payments actually received, provided, however, that no application by LENDER of any rents shall be considered performance in part or in full of any of OWNER'S obligations under said note or mortgage or any other instrument securing said note (including the obligation to pay instalments of principal and interest as they fall due). This assignment is absolute and unconditional and takes effect at once, irrespective of the existence or non-existence of any default under or with respect to said note or mortgage or any other instrument securing said note.

2. The OWNER hereby warrants to LENDER that (a) he has not executed any prior assignment of said lease or of the rents to accrue thereunder, and that he has not performed any acts or executed any other instrument which might prevent LENDER from operating under any of the terms and provisions of this assignment, or which would limit LENDER in such operation; (b) said lease is in full force and effect according to its original terms and that there is no default now existing thereunder; and (c) he will not, without the written consent of LENDER first had and obtained, (1) reduce the rents or accept payment of any rents in advance of the due date thereof, except as provided under the terms of said lease; (11) modify said lease in any way or grant any concession in connection therewith.

3. LENDER agrees with, and for the benefit of, said LESSEE that the lien of said mortgage is hereby made and hereafter shall be subordinate to the rights of said LESSEE, as set out and defined in said lease, for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and other minerals and to save, care for, treat, transport and own said products for and during the term of said lease, it being expressly understood and agreed that such subordination shall in no manner affect the rights, lien or interest of the LENDER otherwise, and LENDER authorizes and directs LESSEE to pay to OWNER all rents accruing under said lease until demand in writing therefore is made of LESSEE by LENDER, provided, however, that the failure of LESSEE to pay LENDER, upon demand as provided herein, all rents then accrued and unpaid and all rents thereafter accruing ipso facto shall forfeit and terminate this subordination and render it null and void and shall fully release LENDER from the effects of such subordination to the same extent as though no subordination had been executed by LENDER.

4. Unless sooner terminated under paragraph 3 hereof, this assignment shall remain in force during the term of said note and mortgage and any renewal or extension thereof and shall terminate and become null and void upon the release of said mortgage.

5. The term "rents" shall include rents, royalties, issues, profits, bonuses, damages and revenue of every kind, nature and description that OWNER as lessor is entitled to receive from LESSEE under said lease, including, but not limited to, any consideration or monies received by OWNER for the cancellation or surrender of any lease. The term "mortgage" shall be construed to include deed of trust.

6. This assignment and subordination and the agreements herein contained shall inure to and bind the respective heirs, legatees, devisees, personal representatives, successors and assigns of OWNER, LENDER and LESSEE.

IN WITNESS WHEREOF, LENDER has executed this instrument by its officers thereunto duly authorized and has affixed its corporate seal and OWNER has signed this instrument, all on or as of this 8th day of July 1960.

OWNER:

Luella E. Ball  
Ronald W. Ball  
Delores J. Ball

LENDER:

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

BY:

Harold G. Paff  
 Vice President

ATTEST:

J. E. Close  
 Assistant Secretary J. E. CLOSE

