

ARTICLE 22

DISPOSAL OF PRODUCTION

Each of the parties hereto shall own and, at its own expense, shall take in kind and separately dispose of its proportionate part of all the oil, gas, casinghead gas and other hydrocarbon substances produced and saved from the lease acreage covered hereby, exclusive of the production the Operator may use in developing and producing operations and in preparing and treating oil for market purposes and of production unavoidably lost; provided that each of the parties hereto shall pay or secure the payment of, the royalty interest in its proportionate part of said production and provided further that during such times as Belco does not elect to take its share in kind and separately dispose thereof, Belco may, at its election, require that Pan American purchase (at not less than field market price) Belco's share of the oil, gas, casinghead gas or other hydrocarbon substances which are produced and saved. Such purchases shall be on a day-to-day basis only and subject always to revocation at will by Belco whenever it desires to take in kind and separately dispose of its proportionate part of said production.

ARTICLE 23

ARBITRATION

23.1 If and whenever any controversy shall arise out of this agreement, and the parties shall be unable to agree with respect to such controversy, the same shall be submitted for determination to a board of three arbitrators chosen as follows: Upon written demand of either party and within ten (10) days from the date of such demand, each party shall name an arbitrator and the two arbitrators so named shall promptly thereafter choose a third. If either party shall fail to name an arbitrator within ten (10) days from such demand, the other party shall name the second arbitrator as well as the first, or if the two arbitrators shall fail within ten (10) days from their appointment to agree upon and appoint the third arbitrator, then upon written application by either party such third arbitrator may be appointed by the American Arbitration Association.