

HHH

his wife, as Assignees, an overriding royalty of one percent (1%) of the value on the leased premises, or if marketed therefrom, the proceeds from the sale at the wells on said land, of all oil, gas, casinghead gas and other minerals produced, saved and marketed therefrom under the provisions of said oil and gas lease, including any extension, renewal, new or substitute lease or leases executed in lieu thereof. The overriding royalty, payable in money only, shall constitute assignees' only share or interest in any production of oil, gas, casinghead gas and other minerals produced from said lands. Said royalty, when payable, is to be paid on or before the last day of each month next succeeding the month in which said oil, gas, casinghead gas and other minerals are marketed or at such time as may be produced by the terms of, any applicable Co-Operative or Unit Plan to which such lease is now or may be committed, and when paid, shall constitute full settlement with Assignees for and on account of all of such oil, gas, casinghead gas and other minerals produced from said lands or for the value or proceeds, as the case may be. It is distinctly understood and agreed that no royalty payable hereunder shall be payable or accrue, or be computed, upon any oil, gas, casinghead gas and other minerals which are unavoidably lost or which are used for operating, development or production purposes, or which are used for recycling or repressuring operations on any of the lands covered by said lease or so used on any lease or other lands covered by any applicable Co-Operative or Unit Plan or other agreements similar in nature to which such lease is committed.

If the lands above described or any part thereof are now or shall hereafter be incorporated in a Co-Operative or Unit Plan or similar agreement, as aforesaid, the production allocated to all or any part of the tracts of land embraced in said oil and gas lease under said Co-Operative or Unit Plan or similar agreement shall, for the purpose of calculating said overriding royalties to be paid, control and be binding and conclusive upon the parties hereto as to the amount of production from said lands and shall be regarded as having been produced from the particular land to which it is so allocated and not from any other tract of land, and the royalty payments to be made as hereinabove provided, (subject to the right in the said Sinclair Oil & Gas Company to deduct from said overriding royalty and pay any taxes required to be paid or which may be levied