

or unit plan of operation. The production payment reserved by United Western shall be free of any cost or charge for maintaining the lease and shall be free of any cost or charge for development, operation or production, provided, however, that said production payment shall be subject to its proportionate part of taxes levied upon or measured by production.

2. The procedure for determining when "90% of the recoverable reserves have been produced" from a lease containing a producing well or wells shall be as follows:

(a) Whenever in the judgment of Sabre 90% of the economically recoverable reserves from a lease, or a particular formation or formations thereunder, has been produced or will be produced to that amount within a period of 90 days, Sabre shall give United Western written notice thereof, stating the date at which such recovery has occurred or will occur in Sabre's judgment. At the same time, Sabre shall make available to United Western all pertinent engineering data and information in its possession.

(b) Within 60 days after receipt of such notice, United Western shall give written notice stating whether or not it agrees with Sabre's opinion. If United Western agrees, the parties shall execute in recordable form an instrument evidencing the termination of the United Western production payment as to the producing formations under such lease from which it has been agreed that 90% of the economically recoverable reserves have been produced. If United Western fails to notify Sabre of its disagreement within said time, it shall be conclusively presumed that United Western agrees and United Western shall be bound to execute a termination agreement consistent with the notice of Sabre.

(c) If the notice given by United Western expresses disagreement with Sabre's opinion and if the parties are not able to agree on the selection of a disinterested petroleum engineer or engineering firm for the purpose of resolving the difference within 30 days after United Western gives its reply notice, either party