

10. Assignee hereby agrees to account for and pay to Assignor, on or before the 20th day of each month, on the sale value or net proceeds received by Assignee from oil and gas produced from said land, or, in the event said land is included in any approved co-operative or unit, communitization, or other production or development plan, from oil and gas allocated to said land under said plan:

- (1) A sum representing the "sale value" as hereinafter defined, of 3 % of all oil produced from, or allocated to, said land, and saved and marketed during the preceding calendar month; and
- (2) A sum representing 3 % of the net proceeds received by Assignee from the sale of all gas produced from, or allocated to, said land and saved and marketed during the preceding calendar month;

The overriding royalty of 3% referred to above shall be the maximum overriding royalty that California Oil Company shall be required to pay. Any overriding royalty reserved or sold from this lease shall be computed as a part of the 3% overriding royalty referred to above.

provided, that no such payments shall be made or shall accrue upon any oil or gas used for operating, developing or production purposes upon said land or any land included therewith in any approved co-operative or unit, communitization, or other production or development plan, or unavoidably lost, and no sums shall be payable upon gas used for recycling or repressuring operations benefiting said land. In the event Assignee shall elect to pay compensatory royalties to the United States in lieu of drilling, Assignee agrees to pay and Assignor agrees to accept payment for Assignor's share of the sale value of oil and the fair market value at the well of gas computed on the same amount of oil and gas as that on which compensatory royalty to the United States is paid. The term "sale value" as applied to oil under the provisions hereof shall mean: (a) the price for which Assignee sells Assignee's oil produced from the same field, less any costs of marketing such oil as crude, including costs of handling, transportation to point of sale, treating unmerchantable oil to render it merchantable as crude and other applicable costs; or (b) in the event that Assignee does not sell such oil as crude, the fair market value, prevailing in the field where such oil is produced, for oil of like character, gravity, and quality. Assignor agrees to pay or to reimburse Assignee for a percentage of any and all taxes levied upon the mineral rights in said land and upon the severance or production or sale of oil and gas extracted therefrom, equivalent to Assignor's percentage of the sale value and net proceeds, as above set forth.

11. No change of ownership in the interests of Assignor hereunder shall be binding on Assignee until after notice thereof to Assignee and Assignee has been furnished with the written transfer or assignment, or a certified copy thereof, and such change of ownership shall have received any approval required under any applicable law or regulation.

12. No implied covenants shall be read into this agreement requiring Assignee to drill or to continue drilling upon said land, or fixing the measure of diligence therefor. Nothing herein contained shall be deemed to obligate Assignee to produce, sell or otherwise dispose of oil or gas from said land.

13. Assignor hereby appoints _____

whose address is _____

as Assignor's agent, with full power, in the name and on behalf of Assignor and the successors in interest of Assignor, and of each and every one of them, (a) to receive and receipt for all payments hereunder, (b) to examine said lands and the operations thereon, (c) to grant all consents required from Assignor, (d) to give all notices required to be given by Assignor to Assignee, (e) to receive all notices required to be given to Assignor by Assignee under this agreement, (f) to execute and deliver division orders concerning, and to act in all matters involving, said payments to be made by Assignee to Assignor hereunder, and (g) to name and advise Assignee of any bank to be used as a depository for any payments to be made hereunder. The power and authority of such Agent shall continue until all of the owners and holders of Assignor's interest in said land shall, in writing, elect another such agent and shall notify Assignee, in writing, at Assignee's address given above, of the name and address of such new agent. The delivery of any and all payments by Assignee to said Agent or to any bank designated by said Agent and the transaction of any business by Assignee with said Agent, which business said Agent may be authorized to transact hereunder, shall be a full acquittance and discharge of Assignee of and from any and all liability to Assignor and to the heirs, executors, administrators, representatives and assigns of Assignor, and each of them, for or on account of any such payment or such business. Assignee shall not be required to recognize or act upon any orders, directions or requirements of Assignor, and the successors in interest of Assignor, in any matter or thing concerning which said Agent is authorized to act. All notices to be given to Assignee hereunder shall be addressed to Assignee at Assignee's address hereinabove stated, provided that Assignee shall, by notice in writing addressed to Assignor or Assignor's Agent, have the right to change such address.

79101

RECORDED	July 18	1962	9:30 AM
IN BOOK	33	Oil & Gas	PAGE 612
FEES \$ 3.00		COUNTY CLERK	
SUBLETTE COUNTY, PINEDALE, WYOMING			

Initial TH