

upon net production after deduction of minerals so used for operations. It is further stipulated and agreed that the overriding royalty herein reserved shall bear its proportionate part of all taxes of every nature assessed against said lease and/or production thereunder, including but not limited to all production and severance taxes.

The overriding royalty above reserved by Assignor has been agreed upon by the parties in reliance upon the assumption that this assignment conveys and vests absolutely in said Texas Pacific Coal and Oil Company, its successors and assigns, the entire customary working interest in the entire mineral fee of all of the land therein described, as well as all rights of the lessee created by said lease. Consequently, it is stipulated that if the lessor in said lease owns an interest in said land, or any part thereof, less than the entire fee simple mineral estate or if said Texas Pacific Coal and Oil Company acquires by virtue of this assignment less than the entire working interest in said land, then as to the tract or tracts as to which title so fails, the overriding royalty herein reserved shall be reduced proportionately to such title failure.

It is specifically stipulated and agreed that said Texas Pacific Coal and Oil Company, its successors and assigns, shall be under no obligation to keep said oil and gas lease in force, nor shall it be under any obligation to develop or operate said lease in any manner or to develop it at all, but to the contrary development and exploration of said lease shall be solely at the option of said Texas Pacific Coal and Oil Company, its successors and assigns, in the manner, at such location and at such times as it shall in its sole discretion elect, and said Assignor hereby binds himself, his heirs and assigns, that as to such operations and development (if any) he will acquiesce in and agree to all decisions made and actions taken in good faith by said Texas Pacific Coal and Oil Company, its successors and assigns.

For the considerations above expressed said Assignor does hereby grant to said Texas Pacific Coal and Oil Company, its successors and assigns, irrevocably and as a power coupled with an interest, and with full power of substitution, the full right, power and authority at any time, and from time to time, to commit the lands covered by this assignment and said overriding royalty, or any part or parts or horizon or horizons thereof, to any cooperative, communization, pooling, or unit plan of operation or development which it may consider proper. In the event of such pooling or unitization the overriding royalty shall be computed and paid proportionately to, and on the basis of, production allocated to the committed tract or tracts of land under the terms of the governing agreement or plan of operation.

This assignment is made expressly subject to the terms of said oil and gas lease and nothing contained herein shall ever be considered as modifying the obligations of the parties insofar as such obligations are fixed by the terms of said oil and gas lease.