

Assignee for the purpose of manufacturing natural gasoline on a basis whereby a royalty is reserved to Assignee, then Assignor shall only be entitled to an amount equal to Five Per Cent (5%) of the value of the said royalty so reserved by Assignee. The value of the gasoline shall be computed on the basis of the price per gallon received by Assignee, or the prevailing market price at the plant where manufactured and produced.

Nothing in this paragraph contained shall require Assignee to market or dispose of gas or gasoline in the absence of a market therefor and Assignee shall incur no liability to Assignor for failure to market or dispose of gas or gasoline.

The overriding royalties retained and reserved by Assignor shall be payable in cash and not in kind to Assignor or for Assignor's credit in Alice Bank & Trust Company at Alice, Texas, or any successor thereof, by mailing or delivering one check to said bank on or before the 25th day of each calendar month, based upon production for the preceding month.

The overriding royalty retained and reserved by Assignor shall bear its pro rata share of any production, severance, franchise or licensing tax or any other tax computed, measured or based upon production of oil and/or gas which may be imposed by the Federal Government, the State of Wyoming or any of its political subdivisions. Assignee is hereby authorized to and at its option may pay all taxes of Assignor and to deduct Assignor's share so paid from the amount of royalties which shall become due.

Assignee shall pay all rentals from and after the date of this Assignment accruing under said lease to the State of Wyoming, and shall pay or deliver all royalties due the State of Wyoming under this said lease.

Assignee shall have the use, without payment of royalty, of so much of the oil, gas and other hydrocarbon substances and water