

versely affect the Production Payment herein conveyed.

The Grantor hereby agrees that it will furnish, or cause to be furnished, to the Grantee a detailed report each month with respect to the oil runs and gas deliveries from the interests hereby conveyed for the next preceding calendar month.

The Grantor further covenants that if any lease set forth in Exhibit "A" is about to terminate or expire by its term and the Grantor does not intend to renew such lease, then at least sixty (60) days prior to the termination or expiration of such lease it will serve the Grantee and other parties of interest with a written notice sent by registered mail offering to assign to such parties without cost all of the Grantor's right, title and interest in and to such lease, and to assign to such parties, in proportion to their interest, for the salvage value thereof such of the leasehold equipment and other personal property owned by the Grantor and then located on the property covered by such lease as such parties desire to acquire; it being understood that Grantor prior to serving such notice may remove all removable personal property and equipment from such property. Such parties shall have a period of twenty (20) days after receipt of such notice in which to serve the Grantor with a written notice sent by registered mail that such parties elect to receive such assignment. If any of such parties shall duly serve such notice upon the Grantor, then the Grantor agrees to deliver to those parties such assignment at the time and place set forth in the notice from the parties to the Grantor. If the Grantee does not serve such notice within the period of twenty (20) days, there shall be no further obligation of the Grantor to the Grantee in connection with such lease.

Should the Grantor in any respect fail to perform and observe any of the covenants and conditions herein provided to be performed or observed by the Grantor and such failure continue for thirty (30) days after demand in writing for performance and observance, the Grantee or its assigns, in addition to all other rights which the Grantee or its assigns may have hereunder, shall have the right, with other parties of interest, to