

So long as and to the extent that the same may be required by applicable laws or regulations, in the case of any lease from the United States of America included in the assigned shares, from which lease the average production of oil per well per day averaged on the monthly basis is 15 barrels or less, the right of Assignee to receive, and the duty of Assignor to pay, the proceeds of oil produced from such lease shall be suspended until said average production of oil per well per day exceeds said minimum amount and such suspension shall apply separately to any zone or portion of such lease segregated for computing government royalty.

The production payments hereby created, conveyed and assigned to Assignee and the covenants of Assignor with respect thereto shall apply to and be a burden upon not only the oil and gas interests described in said Exhibit A, but any renewals, extensions, modifications or amendments thereof. When Assignee shall have received the gross or ultimate amount of each production payment created and conveyed hereby, all of the interest, right and estate of any kind of Assignee in the oil and gas interests described in said Exhibit A from which such production payments are payable, and in the production attributable thereto shall automatically terminate and shall revert in Assignor, and, to evidence the fact, Assignee then shall execute and deliver to and in favor of Assignor full releases thereof, as they occur.

II

Covenants of Assignor

With respect to each such production payment, Assignor does hereby agree that, until the gross or ultimate amount thereof has been paid in full:

1. Assignee shall own all of the production allocable to the assigned share; nevertheless, Assignor shall, free of cost to Assignee, deliver or cause to be delivered, Assignee's proportionate part of all the oil, gas, casinghead gas and/or other hydrocarbons produced and saved from the oil and gas interests pertaining thereto and described in said Exhibit A (exclusive of the production which may be used by the operator in development and production operations on said leases) at the wells, or into the pipelines to which the wells may be connected, to the same person or persons taking or receiving the production therefrom to the interest of Assignor