

7. An event of default shall occur if: 126

(a) Assignor fails promptly to keep, perform or observe any of the conditions, obligations, covenants and promises herein provided to be observed, kept and performed by it, and does not correct such failure or default within thirty (30) days after written notice thereof is received by it from Assignee; or

(b) There is appointed a Receiver or Trustee for Assignor for any of the leases described in said Exhibit A or for any substantial part of Assignor's properties; or

(c) Assignor is adjudged a bankrupt or involuntary proceedings in bankruptcy are filed against it; or

(d) Assignor makes an assignment for the benefit of its creditors.

Should such an event occur, Assignee shall have the right to put itself in the place of or substitute itself for Assignor with respect to all of the oil and gas interests described in said Exhibit A and, to the extent Assignor would have had the right to do so, operate and produce the same and take over and use, without cost or liability, all equipment, machinery and personal property owned by Assignor and located upon or used in connection with the operation of said interests and to produce oil, gas, casinghead gas and/or other hydrocarbons therefrom and market the same, applying the proceeds derived from the interest of Assignor; First, to Assignor's share of the reasonable and necessary cost and expense of such operation; second, to the production payments created and conveyed herein, to the extent of the share of production covered thereby; and third, all of the balance, if any, to Assignor. None of the rights or remedies afforded Assignee hereunder shall be exhausted by one or more uses thereof, but each and all of them shall be available until Assignee shall have received the gross or ultimate amount of each of said production payments plus all disbursements reasonably and necessarily made by Assignee in connection with the operation of said interests in accordance with the provisions of this paragraph. It is understood that the foregoing remedies shall not be exclusive and that, in addition thereto, Assignee may resort to any legal or equitable remedy which may be available to it for the protection of its interests in said oil and gas interests.