

274

Dakota Formation insofar as the Exhibit B-1 properties are concerned nor shall the reserved production payment affect any of the properties described in Exhibits "A" and "C" attached hereto. As stated hereinabove, the reserved production payment does apply to all of the properties described in Exhibits B-2 and B-3.

ARTICLE FOUR

ASSIGNOR further excepts herefrom and reserves unto itself, its successors and assigns, one-half (1/2) of its undivided interests in and to the oil and gas leases and leasehold estates described in Exhibit B-1 attached hereto INSOFAR AS AND ONLY INSOFAR AS said leases cover and include depths below the base of the Dakota Formation so that, from and after the effective date hereof, said rights below the base of the Dakota Formation shall be owned in equal proportions by ASSIGNOR and ASSIGNEE only insofar as the Exhibit B-1 properties are concerned.

ARTICLE FIVE

This conveyance and assignment is made subject to the terms and provisions of the respective oil and gas leases and any other agreements or burdens upon ASSIGNOR'S interests in the properties which may be described in the Exhibits including, but not by way of limitation, the unpaid balance of a certain production payment assigned by King Oil, Inc. to the Taft Corporation on April 20, 1964 by assignment recorded in Book 577, Page 92, Records of San Juan County, New Mexico; Book 182, Page 99, Oil & Gas Records of Duval County, Texas; and Book 146, Page 134, Records of Weston County, Wyoming to which assignment and the record thereof reference is here made for all purposes. Said Taft production payment was in the primary amount of \$725,000.00 plus a secondary amount equivalent to interest computed monthly at the rate of 6½% per annum on the unpaid balance thereof and being payable out of 75% of ASSIGNOR'S interests in production from certain of the properties conveyed herein to ASSIGNEE all as more particularly set out in the Exhibits attached hereto. ASSIGNOR hereby covenants with ASSIGNEE that the unpaid balance of the Taft production payment (including accrued interest) as of the 24th day of February, 1967 was \$311,698.98.

TO HAVE AND TO HOLD the aforesaid properties, together with all and singular the rights and appurtenances thereto in any wise belonging; but subject to the exceptions, reservations and provisions set out in or referred to above, unto ASSIGNEE, its successors and assigns, forever. ASSIGNOR does hereby bind itself, its successors and assigns, to warrant and forever defend, all and singular, the title to said properties (subject to the exceptions and reservations just specified) unto ASSIGNEE, its successors and