

effective date of any change in such minimum commercial lending rate), the Secondary Amount to be computed (on the basis of a 365-366 day year) from the date hereof to February 15, 1970, and monthly thereafter, plus an amount equal to all ad valorem taxes (or taxes imposed in lieu thereof) if any, assessed against the production payment herein conveyed, plus an amount equal to all franchise, net income or profit taxes, or taxes measured by net income or profits imposed on or assessed against the Grantee with respect to the production payment or the Grantee's receipt of proceeds therefrom by any state or political subdivision thereof (other than the State of Delaware or any state in which the Grantee is presently subject to such taxes) which are paid by the Grantee, it being understood that such proceeds received by the Grantee each month shall be applied first to the Secondary Amount and then to the amount equal to such taxes (or taxes imposed in lieu thereof) and the balance shall be applied against, and to that extent shall reduce, the Primary Amount or the unliquidated balance thereof then remaining. In the event that the proceeds received by the Grantee are insufficient to cover any payment of the Secondary Amount, the unliquidated balance of the Primary Amount shall be forthwith increased by an amount equal to the amount of such deficiency, provided, however, that amounts hereinafter accruing on any sums added to the Primary Amount by reason of this sentence shall not be payable from oil, gas or other hydrocarbons produced in any jurisdiction where applicable law prohibits such payments. Where statutory or governmental regulatory