

the event of a partial sale, transfer, assignment or conveyance, any interest reserved or retained by the Grantor shall become subject to the production payment herein conveyed upon commencement of production of oil and/or gas therefrom.

It is expressly provided that the term "all (8/8) oil and gas in and under and that may be produced, saved and marketed from the properties and operating rights more particularly described in Exhibit A is deemed to include (i) all proceeds which may become payable after the effective date of this conveyance by El Paso Natural Gas Company on account of its obligation to pay for a minimum quantity of gas not taken within the time and manner provided in its Gas Sales Contracts with the Grantor dated July 24, 1953, August 26, 1955, June 8, 1956 and December 10, 1959, all as amended, and (ii) all proceeds of gas sold from or attributable to the leases and interests described in Exhibit A attached hereto which shall become payable under the aforementioned Gas Sales Contracts, as amended.

It is further expressly provided that no proceeds shall accrue to the production payment herein conveyed for make-up gas taken without payment by El Paso Natural Gas Company in accordance with its right under the above mentioned Gas Sales Contracts, as amended.

If any of the proceeds from the sale of any of the production of oil or gas accruing to the production payment herein conveyed shall be withheld as a result of any adverse claim, then such production shall not be