

balance, if any, shall be applied towards the payment of principal.

Any pipeline company, gathering company or other person purchasing, handling or receiving the production from such properties or the proceeds therefrom shall have no responsibility for the proper application by the Assignee of such production or the proceeds therefrom upon the Indebtedness or otherwise, but the payment of such proceeds to the Assignee by such pipeline company, gathering company or other person receiving, handling or purchasing such production shall operate as a full and final discharge of all liability of such pipeline company, gathering company, or other person in the premises.

If default shall be made in the observance or performance of any of the covenants herein contained, or if the Grantor shall fail to pay any part of the Indebtedness, principal or interest, when and as the same becomes due; or if it shall be discovered after the execution and delivery hereof that there exists a lien or similar encumbrance on such properties or any part thereof, equal to or superior in rank to the lien created hereby adverse to interests transferred by this instrument, and which will or may substantially impair the security provided hereby, or if proceedings, voluntary or involuntary, shall be instituted by or against the Grantor in insolvency or bankruptcy or for the appointment of a receiver, or for readjustment, extension or composition of its debts, or for any other relief under any present or future provisions of the Bankruptcy Act of the United States, as