

(1/16 of 8/8) of said production which the interest in and to said oil and gas mineral rights in the land described in said lease and covered by this assignment bears to the full and undivided oil and gas mineral estate therein.

(d) Assignor is hereby granted the right and option to convert said overriding royalty interest into a 50% interest in and to the operating rights and working interests hereby assigned after Assignee has recovered its costs and expenses of drilling, testing, completing and equipping the test well provided for under the terms and provisions set out in that certain Farmout Contract between the parties hereto dated March, 26, 1970.

4. The lease acreage covered hereby also is assigned by the Assignor and accepted by the Assignee subject to the Long Island Unit Agreement and Long Island Unit Operating Agreement, both dated May 1, 1959, and to that certain Farmout Contract dated February 26, 1965 between Assignor and Simeo Petroleum Corporation.

5. In the event that the Assignee should elect to surrender, let expire, abandon or release all or any of its rights in said lease acreage, or any part thereof, the Assignee shall notify the Assignor not less than thirty (30) days in advance of such surrender, expiration, abandonment or release and, if requested so to do by the Assignor, the Assignee immediately shall reassign such rights in said lease acreage, or such part thereof, to the Assignor.

6. This assignment is made subject to all the terms and the express and implied covenants and conditions of said leases, to the extent of the rights hereby assigned, which terms, covenants and conditions the Assignee hereby assumes and agrees to perform with respect to the lands covered hereby. Said terms, covenants and conditions insofar as the said lease acreage is concerned, shall be binding on the Assignee, not only in favor of the lessor or lessors and their successors, heirs and assigns, but also in favor of the Assignor and its successors and assigns.