

remedies and privileges herein reserved shall terminate and vest in WI Owner and, upon request by WI Owner, PP Owner shall execute and deliver such instrument or instruments as may be necessary to evidence the discharge and termination of the Production Payment. Whenever used herein the term "unliquidated balance of the Primary Sum" shall be deemed to include any increase or restoration thereto as referred to in Section 3 hereof or in this Section 4, even if the resulting amount of said unliquidated balance shall exceed the Primary Sum.

*SECTION 5. Certain conditions applicable to the Production Payment.* The Production Payment shall be subject to the following provisions:

- A. PP Owner shall look solely to the PP Proceeds for satisfaction and discharge of the Production Payment, and WI Owner shall not be personally liable for the payment and discharge thereof. However, the foregoing provision shall not relieve WI Owner of the obligation to respond in damages for any breach of any of the covenants, agreements and obligations of WI Owner herein contained.
- B. The Production Payment shall not be dischargeable out of any products resulting from any manufacturing, processing or refining operation, except to the extent of that portion of such products the value of which represents the fair market value at the well head of the Production Payment Hydrocarbons used in the making of such products.
- C. There shall not be included in the Production Payment Hydrocarbons any Hydrocarbons unavoidably lost in the production thereof or used in conformity with good field practices in drilling or producing operations (including gas injection, secondary recovery, pressure maintenance, repressuring or cycling operations) conducted for the purpose of producing Subject Hydrocarbons.
- D. The Production Payment shall not be dischargeable out of any payments to WI Owner in connection with the drilling or deferring of drilling of a well on any of the Subject Interests.