

cision as to which may increase or reduce the quantity of Subject Hydrocarbons ultimately recoverable from the Subject Interests, or the rate of production therefrom, or which may shorten or prolong the period of time required for liquidation of the Production Payment; and

B. Monthly on the first day of each Accounting Month, a report showing, with respect to the next preceding Accounting Month, an estimate of the amounts to be applied to the Production Payment for such month, including any adjustment for the difference, if any, between the amount shown under the provisions of clause (iii) below and the estimate for the second preceding Accounting Month, and showing with respect to the second preceding Accounting Month, (i) the gross proceeds received from sale of Subject Hydrocarbons (including any thereof taken by WI Owner for WI Owner's own use), the quantity of Hydrocarbons sold, the Production Taxes deducted from or paid out of such proceeds, the leases abandoned, and such other information as PP Owner may reasonably request, (ii) any sales or other dispositions of any Subject Interest, whether pursuant to Section 10 or otherwise, the names of the parties to the transactions and the proceeds received by WI Owner; and (iii) the amounts applied or to be applied from sales and dispositions described in (i) and (ii) above on the Production Payment.

Upon request of PP Owner, such reports shall set forth such information on a lease or unit basis.

**SECTION 13. Remedies of PP Owner.** If, while the Production Payment remains in force, WI Owner shall fail to perform or observe any of the covenants or agreements herein provided to be performed or observed by WI Owner, PP Owner, in addition to PP Owner's right to recover damages and all other remedies available to PP Owner at law or in equity, may, if such failure shall continue unremedied after a reasonable time from delivery to WI Owner of written notice thereof, perform or cause to be performed such act at WI Owner's expense, in which event PP Owner may expend funds for such purpose, and PP Owner upon written notice to WI Owner may succeed to all rights of WI Owner with respect to the possession, operation and development of the Subject Interests and shall have the right to use in connection