

2. That certain oil and gas lease dated November 1, 1967, bearing Government Number Wyoming 8717, insofar and only insofar as said lease covers the SW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 29, Township 27 North, Range 111 West, Sublette County, Wyoming, containing 40 acres.

There is excepted from this Assignment and reserved unto MMC, all right, title, estate and interest in the oil, gas and mineral leases above described, or any modifications, renewals, or extension thereof, below the stratigraphic equivalent of the depth of 4,900 feet identified in the MMC - No. 1 Government Mobil test located in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 19, Township 27 North, Range 111 West, Sublette County, Wyoming, insofar as said leases cover the lands above described.

This Assignment is expressly made subject to any previously created and outstanding overriding royalties, and to any rights of reassignment reserved by prior assignors.

There is excepted from this Assignment and reserved unto MMC a free, overriding royalty of 8/128ths (1/16th of 8/8ths), which is and shall be in addition to all previously created and outstanding overriding royalties, of all the oil, gas, casing-head gas, condensate and other hydrocarbons which may be produced and saved from said premises under and by virtue of the lease interest herein assigned or any modifications, renewals or extensions thereof, until ASSIGNEES shall have recovered from production from each of the separate tracts (after deducting all royalties and overriding royalties including all the overriding royalty reserved by MMC) a sum equal to One Hundred Percent (100%) of the total cost of drilling, testing, and completing the said well, plus a sum equal to One Hundred Percent (100%) of the total cost of operating the said well while such costs are being recovered, after which MMC shall have the right and option to convert said overriding royalty to a one-half ($\frac{1}{2}$) working interest.

The overriding royalty herein reserved shall be received by MMC as a free, perpetual overriding royalty without cost or expense of production. Said royalty oil shall, at the option of MMC, be delivered free of charge,