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or warranty of title either express or implied an undivided one-half (1/2) of Phillips' present right, title and interest in and to the working and operating rights in, to, under and held in connection with the above-described oil and gas lease, insofar as it covers and pertains to the above-described lands and any renewals, modification or extensions of said oil and gas lease issued or to be issued in lieu thereof, and any exchange, consolidated or other character of lease issued or to be issued as a result thereof, the rights and interests so granted and assigned being an undivided one-half (1/2) of all of Phillips' present right and privilege to explore and drill for, mine, extract, produce, remove, treat, handle, dispose of and market oil and/or gas or any other minerals or substances covered by said oil and gas lease and contained in the lands described above, provided, however, that the rights and interest hereby assigned are limited to such rights and interests under said lease and in said lands, insofar and only insofar as said lease covers and pertains to the oil, gas, casinghead gas and other minerals, and all rights pertaining thereto, in said lands from the surface of the ground down to and only down to the stratigraphic equivalent of 1,087 feet below the top of the Mesaverde formation; (for the purposes hereof the top of the Mesaverde formation is defined as that point found at a drill depth of 7,740 feet in the Phillips No. 1 Lookout Mountain Unit well, SE/4 NW/4 Section 25-35N-115W, 6th P.M.) Phillips hereby expressly reserving unto itself, its successors and assigns, all rights of every kind and character in and to said lease covering said lands not assigned to Second Party herein.

This Agreement and Assignment of Operating Rights is subject to each and all of the terms, provisions and conditions contained in said lease and any prior assignments thereof and to its proportionate share of any and all outstanding overriding royalties or other burdens on production. This Agreement and Assignment of Operating Rights is also subject expressly to all of the terms and conditions of the above-mentioned Agreement of the 14th day of July, 1971, by and between Phillips and Second Party, and also is subject expressly to all of the terms and conditions of the Lookout Mountain Unit Agreement (14-08-0001-12303), and the Unit Operating Agreement, both dated May 15, 1971, all of which shall extend to, bind and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement and