

may be necessary more fully to assure to each other party, its successors and assigns, all of the respective rights and interests herein and hereby granted and retained and reserved or intended so to be.

Section 18. Failure of Title, Etc. No transfer by Grantor to Grantee of any part of the Subject Interests, and no failure of title to, or abandonment of, any part of the Subject Interests shall have the effect of reducing the percentage of Subject Hydrocarbons from which the Production Payment is dischargeable as to the Subject Interests as constituted after such transfer, failure of title or abandonment, or of reducing the amount of the Production Payment or of creating any offset or other prejudice to the Production Payment; and the Production Payment shall continue in full force and effect as to all other Subject Interests.

PART II

CONVEYANCE OF PRODUCTION PAYMENT

Section 19. Conveyance. Grantor, for and in consideration of the sum of Four Hundred Thousand and No/100 Dollars (\$400,000.00) to Grantor in hand paid by Production Payment Assignee, the receipt and sufficiency of which are hereby acknowledged, by these presents does, effective as of the Effective Date, grant, sell, convey, assign, deliver and set over unto Production Payment Assignee, the Production Payment.

TO HAVE AND TO HOLD the Production Payment unto Production Payment Assignee, its successors and assigns, forever.

Section 20. Protection to Purchasers. No pipeline company or other person purchasing or taking or processing Production Payment Hydrocarbons shall be required to take notice of, or to keep informed concerning, termination of Production Payment Assignee's interest in the Production Payment, until actual receipt by it of written notice advising it of such termination.

Section 21. Warranties by Grantor. Grantor warrants to Production Payment Assignee and to its successors and assigns, that, at and until delivery of this Conveyance to Production Payment Assignee, Grantor is the true and lawful owner of, and