

wells operated, drilled or abandoned, and such other information as the Owner of the Production Payment may reasonably request.

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

Section 13. Remedies of the Owner of the Production Payment. If, while the Production Payment remains in force, Grantee shall fail to perform or observe any of the covenants or agreements herein provided to be performed or observed by Grantee, the Owner of the Production Payment, in addition to his or its right to recover damages and all other remedies available to him or it at law or in equity, may, if such failure shall continue unremedied after a reasonable time from delivery to Grantee of written notice thereof, perform or cause to be performed such act at Grantee's expense, in which event the Owner of the Production Payment may expend funds for such purpose, and the Owner of the Production Payment, upon written notice to Grantee, may succeed to all rights of Grantee with respect to the possession, operation and development of the Subject Interests and shall have whatever rights Grantee has to use in connection therewith such of the equipment, machinery and facilities located thereon or used in connection therewith as may be useful or appropriate for the production, treating, storing and transporting of Subject Hydrocarbons and shall succeed to all other rights of Grantee in connection with the possession, operation and development of the Subject Interests, and the right, on behalf of and for the account of Grantee, to sell or utilize all of the Subject Hydrocarbons and to apply the proceeds thereof attributable to Grantee's interests therein to the costs and expenses of the operation and development of the Subject Interests and to reimburse the Owner of the Production Payment for any amounts so expended by him or it, and Grantee shall reimburse the Owner of the Production Payment upon demand for all amounts so expended by him or it (to the extent that such amounts are not paid out of Grantee's interests in the proceeds from sale of Subject Hydrocarbons), together with interest on such amounts at the rate of eight per cent (8%) per annum. All rights to which the Owner of the