

d. Gas Imbalances. Assignee hereby assumes any and all liability, obligation for and/or benefit from all gas imbalances (whether over or under) attributable to the assigned leasehold as of the Effective Date and agrees to indemnify and hold CHEVRON harmless from any claims from third parties regarding gas imbalances. Prior to the auction, CHEVRON will make available to Assignee the most recent data concerning imbalances in its files without warranty as to accuracy or completeness (the “disclosed imbalance”). If the parties determine no later than 90 days after the Effective Date that the disclosed imbalance as to any Lease sold hereunder was inaccurate by more than 1000 mmbtu, a post closing adjustment will be made for the amount in excess of the disclosed imbalance. Within thirty (30) days following agreement of the parties on the amount of the adjustment, the party owing the adjustment will pay \$2.00 per mmbtu for the imbalance in excess of the disclosed imbalance. Such settlement, if any, will be final and neither party thereafter shall make a claim upon the other concerning gas imbalances with respect to the Assigned Premises.

e. Existing Agreements/Burdens. Assignee assumes and shall perform all duties, liabilities, and obligations relating to the Assigned Assets, including, but not limited to, those imposed by any applicable contracts and agreements (including oil and gas leases, operating agreements, easements and pooling agreements) and any burdens (including, but not limited to, any production payments, royalties, overriding royalties, and net profits interests).

f. Operatorship. CHEVRON does not warrant or represent that Assignee is or will become operator of any well or portion of the Assigned Assets which are subject to an operating agreement. If CHEVRON is the Operator, Assignee agrees that it will, to the extent permitted by applicable agreements and law, immediately undertake to obtain unconditional approval from all regulatory agencies, non-operators and lessors, if necessary, to succeed CHEVRON as operator of all and every part of the Assigned Assets and to assume full responsibilities therefore, and will file all bonds, requests, letters of credit, and forms necessary or helpful for designation of Assignee as operator of such Assigned Assets.

g. Suspended Funds. At CHEVRON’s option, CHEVRON may transfer to Assignee possession, responsibility and liability for the management, administration and disbursement of all suspended funds attributable to interests of third parties and accrued by CHEVRON, for any reason, pursuant to CHEVRON’S disbursement of proceeds from the sale of production from the assigned leasehold to the extent such funds are attributable to production sold prior to the Effective Date. If CHEVRON exercises this option, CHEVRON shall deliver to Assignee, as soon as practical after closing, a copy of CHEVRON’S records and files that relate to these Suspended Funds.