

B. An amount computed at the rate of six and one-half per cent (6-1/2%) per annum (on the basis of a 365-day year) from November 1, 1967, on the unliquidated balance of the Primary Sum, the first such computation to be made on November 1, 1967, on the amount of said unliquidated balance on the date first set forth above in this Subdivision B of this Section 2, and subsequent computations to be made monthly on the first day of each calendar month for the preceding calendar month on the amount of said unliquidated balance on the first day of such preceding calendar month; plus

C. An amount equal to the aggregate of:

(i) An amount equal to the aggregate of all reasonable expenses of any Owner of the Production Payment other than the Grantor herein in connection with or incident to the acquisition, ownership, mortgaging and transferring of the Production Payment, and

(ii) All ad valorem taxes (or taxes imposed in lieu thereof) if not paid by Grantee as hereinafter provided, and if paid by the Owner of the Production Payment, and production taxes, if not deducted by the pipeline purchaser (or other takers of production) from the proceeds of the sale of Hydrocarbons or if not paid by the Grantee and if paid by the Owner of the Production Payment, and

(iii) All franchise, income and other taxes of, assessed by, and/or payable to any state or subdivision thereof which are or may be at any time imposed on, chargeable against or paid by any Owner of the Production Payment and which expenses or taxes as the case may be are or may be chargeable in connection with or attributable to (a) the ownership of the Production Payment or any part thereof, (b) any indebtedness incurred by the holder of such Production Payment (or of an interest therein) in connection with its acquisition of the Production Payment or any part thereof, (c) any sale or other disposition of the Production Payment or any part thereof, or (d) the sale or receipt of the proceeds of the sale of the Production Payment Hydrocarbons,