

of laying, constructing, using, maintaining, operating, repairing and removing pipe lines and other facilities for gathering gas produced from the pooled area, transporting same to a processing, recycling or pressure maintenance plant, or elsewhere, delivering residue gas and products therefrom, returning residue gas to and into input wells, and measuring gas, residue gas, and products therefrom. No royalties shall be due and payable on gas or residue gas produced from the pooled area and returned to a producing formation or formations thereunder (unless and until later produced and sold after abandonment of injection operations), or on gas or residue gas lost in handling, consumed or lost in plant operations, or used for the operation and development of the pooled leases.

VI.

Delay rentals under the leases covered by this agreement are not pooled by this agreement and any such rentals which are paid shall be paid in accordance with the provisions of the respective leases to the parties entitled to same thereunder.

VII.

It is the desire of the parties hereto that this pooling agreement cover and apply only to the productive area constituting one entire gas field, in so far as it is reasonably possible to determine, from time to time, the extent of the productive area, and SHELL shall have the right, from time to time, to increase or decrease the size of, or to change the shape of, the pooled area whenever SHELL, in its best judgment, based on information then available, deems it necessary to do so in order to accomplish such purpose. SHELL shall not be obligated, however, at any time to increase, decrease or change the shape of said pooled area, and the judgment of SHELL, its successors or assigns, reasonably exercised, shall be binding and conclusive on all parties hereto.

An increase in the size of the pooled area, to include additional leases and/or lands therein, shall be accomplished by the filing for record in DeWitt and Lavaca Counties, Texas, of ratifications of this agreement, or of pooling agreements similar to this agreement, executed by SHELL and by the owners of royalties in such additional lands to be included within the pooled area, such instruments to contain a description of the lands and leases brought within the pooled area. Effective not sooner than the date such instrument or instruments is or are filed for record in both such counties, the owners of royalty thus brought within the pool shall become "ROYALTY OWNERS" hereunder, the leases described therein shall become "pooled leases" hereunder, and the lands described therein shall become part of the "pooled area," and the respective interests of all ROYALTY OWNERS shall thereupon be revised accordingly to take into account the additional acreage and interests thereby pooled herewith, but no such revision hereunder shall be retroactive in effect.

A decrease in the size of the pooled area, to exclude any lands therefrom, shall be accomplished by the execution by SHELL and filing for record in DeWitt and Lavaca Counties, Texas, of a release which shall exclude and remove from the pooled area the lands described in such release and which shall release from this pooling agreement the leases covering such lands in so far, only, as such leases cover the lands thus excluded. Effective not sooner than the date such release is filed for record in both such counties, the lands and leases thereby excluded from the pooled area shall no longer be subject to this agreement and the respective interests of all ROYALTY OWNERS shall thereupon be revised accordingly, but no such revision hereunder shall be retroactive in effect.

Promptly following any such increase, decrease or change in the shape of the pooled area, SHELL shall notify each ROYALTY OWNER in writing, giving a description of the lands and leases included and/or excluded from the pooled area, such notice to be sent by United States Mail addressed to each ROYALTY OWNER at the address of such party as set out in this agreement below such party's signature, or to such other address as any ROYALTY OWNER may designate hereafter