

mean and include (i) such Subject Interest as the same may be enlarged or diminished by the provisions of any contract, agreement or other instrument described in Exhibit A, or by the removal of any charges or encumbrances to which such Subject Interest is subject, (ii) any and all renewals and extensions of such Subject Interest, (iii) all contracts and agreements supplemental to or amendatory of or in substitution for the contracts and agreements described in Subdivisions B and C of Section 1 insofar as the same relate to such Subject Interest, and (iv) all rights, titles and interests accruing or attributable to such Subject Interest by virtue of its being included in any unit.

E. "Hydrocarbons" shall mean collectively oil, gas and other liquid or gaseous hydrocarbons.

F. "Subject Hydrocarbons" means all Hydrocarbons which accrue to the Subject Interests and which are produced after the Effective Date.

G. "Production Payment Hydrocarbons" means that portion, hereinafter set forth, of the Subject Hydrocarbons which accrues to the Production Payment.

H. "Subject Hydrocarbons" and "Production Payment Hydrocarbons," respectively, shall be deemed to include the proceeds of such Hydrocarbons.

I. "Production Sale Contracts" means contracts for the sale of Subject Hydrocarbons now in effect or hereafter entered into by Grantee.

J. "Production Expenses" means all costs and expenses of any kind whatsoever incurred for or in connection with (1) the exploration, development, operation or maintenance, including expenses incurred in conducting secondary recovery operations, of the Subject Interests for the production of Hydrocarbons, and (2) the lifting, handling, gathering, producing, treating, storing, marketing or transporting of the Subject Hydrocarbons.

K. "Owner of the Production Payment" shall mean the owner from time to time of the Production Payment described in Section 2 below which is reserved to Grantor, its successors and assigns, and assigned to Production Payment Assignee under Part II hereof.

L. The following terms shall have the following respective meanings:

1. "Assigned Appurtenances" - the meaning stated in Subdivision F of Section 1.