

8. INDEMNITY

(a) Assignee further agrees, as part of the consideration for the Sale and Assignment of the Property, to fully defend, protect, indemnify, hold harmless, and render whole Assignor, its subsidiaries and affiliates and the respective directors, officers, agents and employees of Assignor and its subsidiaries and affiliates from and against each and every claim, demand or cause of action, and any liability, cost, expenses (including, but not limited to, reasonable attorneys' fees), or claims with respect to damage or loss in connection therewith, which may be made or asserted by Assignee, its agents, or successors, or by any third party or parties (including, but not limited to, governmental agencies) on account of personal injury or death, lease maintenance matters (including, but not limited to, the payment of royalties), or property or environmental damage, or any claims based on any misrepresentations as to the quantity, quality, or value of the Property, caused by, arising out of, or incidental to the past, present or future condition or state of repair of said Property, or the ownership and use thereof, or this Sale and Assignment, howsoever occurring, including, without limitation, whether such injuries, damages, losses, and liabilities, with or without fault, were caused by Assignee's sole negligence or contributory negligence, Assignor's contributory negligence, or imposed on said parties or others under any theory of strict liability by operation of law, or any other theory of law prior to, at the time of, or subsequent to the Effective Date of this Sale and Assignment.

(b) Without limiting the generality of the foregoing, but in furtherance of same, Assignee expressly agrees to fully and promptly pay, perform and discharge, defend, indemnify and hold harmless Assignor, its subsidiaries and affiliates, and the respective directors, officers, agents and employees of Assignor and its subsidiaries and affiliates from and against any claim, demand, action or suit, loss, cost, damage, fine, penalty or expense (including reasonable attorneys' fees) resulting from any Environmental Claim arising out of any operations conducted, commitment made or any action taken or omitted by Assignor at any time with respect to the Property (including, but not limited to, business operations, transactions or conduct of the business directly or indirectly related thereto). For purposes of this Paragraph 8.(b), "Environmental Claim" shall mean any claim, demand, or cause of action asserted by any governmental agency or any person, corporation or other entity for personal injury (including sickness, disease or death), property damage or damage to the environment resulting from the discharge or release of any chemical, material or emission into one or more of the environmental media at or in the vicinity of the Property.

9. PAYMENT OF ROYALTIES

In the event Assignor is responsible for paying its share of the royalty burden, Assignor hereby agrees to and shall continue paying such royalty owners, on behalf of Assignee, for all liquid and gaseous hydrocarbons, whether similar or dissimilar, produced during the month in which Assignor and Assignee execute this Sale and Assignment. Assignee shall commence the payment of royalties for all such liquid and gaseous hydrocarbons produced beginning the first day of the month following the month in which Assignor and Assignee execute this Sale and Assignment and thereafter. Assignee shall indemnify, protect and hold harmless Assignor from and against each and every claim and cause of action and liability in connection therewith, resulting from or attributable to the calculation and payment of any royalties in accordance with the provisions of said Leases and as provided for in Paragraph 8.(a) of this Sale and Assignment.

10. GAS IMBALANCES

Notwithstanding anything to the contrary contained herein, Assignor and Assignee acknowledge and agree that possible gas imbalances may exist in and with respect to the Property hereby conveyed and such shall be handled as follows:

(a) Gas Underproduction - In the event Assignor is underproduced as to any Wells on the Property, as of the Effective Date, Assignee shall assume all rights, obligations, liabilities and responsibilities associated with Assignor's underproduced status and Assignor shall have no further rights or claims whatsoever with respect to the gas imbalance. Assignor and Assignee agree that the purchase price for the sale of the Property has been revised accordingly for these purposes.