

liability, except as may be provided herein, to Assignee for losses, claims or damages sustained or liabilities incurred, **regardless of the sole, joint or concurrent negligence, strict liability, regulatory liability, statutory liability, breach of contract, breach of warranty, or other fault or responsibility of Chevron or any other person or party**, except such Assignee losses, claims or damages as may result directly and solely from Chevron's gross negligence or willful misconduct.

In the event any physical asset(s), including fixtures and improvements, assigned hereunder is damaged by storm, fire or other calamity before the Effective Date, Chevron may repair the damage at its cost or, at its sole option, refund to Assignee such portion of the consideration by the amount of the damage. This paragraph shall not apply to the decline in or cessation of production resulting from subsurface causes or mechanical integrity of the wells or fixtures and improvements associated therewith. The occurrence of such decline or cessation shall not relieve Assignee of its obligation to purchase the Assigned Assets. The risk of such occurrence is specifically assumed by Assignee.

8. Disclosure of Royalty Valuation Claims, Demands and/or Lawsuits

The Leases assigned hereunder may be subject to various claims, demands or lawsuits alleging underpayment of royalty or severance taxes based upon CHEVRON's use of the posted price of crude oil in the calculation and payment of royalty or severance taxes on oil. If the Leases are subject to any such claims, demands or lawsuits, CHEVRON shall retain liability therefor with respect to events occurring prior to the Effective Date. Settlement agreements and/or judgments entered in such lawsuits may affect the manner in which royalty or severance taxes on oil produced from the Leases are paid after the Effective Date, and Assignee agrees to comply fully with the terms of such settlement agreements and/or judgments insofar as they affect the Leases.

9. Covenants, Assignments and Continuing Obligations

It is the intent and effect of this Assignment that the conveyance, transfer or assignment of any of the Assigned Assets by Assignee or any future conveyances, transfers or assignments made by Assignee shall not in any way diminish, compromise, extinguish, or effect a release of CHEVRON's rights against Assignee, or Assignee's obligations to CHEVRON. It is also the intent and effect of this Assignment that all conveyances, transfers or assignments of any Assigned Assets by Assignee and all future conveyances, transfers or assignments made by Assignee shall create rights in favor of CHEVRON under this Assignment and under all subsequent conveyances, transfers or assignments pertaining to the Assigned Assets, and that CHEVRON is a third party beneficiary of such subsequent conveyances, transfers or assignments, so that the party or parties to whom Assignee conveys, transfers or assigns any Assigned Assets shall likewise be bound with Assignee to CHEVRON for performance of Assignee's obligations to CHEVRON under this Assignment. The obligations