

and the leasehold, royalty, overriding royalty, production payment, net profit, fee, mineral and other interests, and all other interests of whatsoever character insofar as the same cover or relate to said lands, even though said interests be incorrectly described in, or a description thereof be omitted from, Exhibit A.

F. All of Grantor's right, title and interest in and to any personal property, improvements, easements, permits, licenses, servitudes and rights-of-way situated upon or used or useful or held for future use in connection with the exploration, development or operation of the Subject Interests or the production, treating, storing or transportation of the Subject Hydrocarbons or other minerals, including, but not by way of limitation, wells, tanks, boilers, buildings, fixtures, machinery and other equipment, pipelines, power lines, telephone and telegraph lines, roads and other appurtenances situated upon or used or useful or held for future use in connection with the exploration, development or operating of the Subject Interests or the production, treating, storing or transportation of the Subject Hydrocarbons or other minerals, all such personal property, easements, permits, licenses, servitudes and rights-of-way being hereinafter called "the Assigned Appurtenances,"

EXCEPTING, however, and reserving unto Grantor as a Production Payment an undivided eighty-five per cent (85%) of all the Subject Hydrocarbons which may be produced and saved from the Effective Date to the end of the period of time specified in Section 4 hereof; the production payment hereby excepted and reserved, together with the Hydrocarbons accruing thereto and the rights, titles, interests, remedies, powers and privileges appurtenant or incident thereto, as hereinafter provided, being hereinafter called the "Production Payment";

TO HAVE AND TO HOLD the Subject Interests, the Subject Hydrocarbons and the Assigned Appurtenances unto Grantee, Grantee's successors and assigns forever; subject, however, to the Production Payment and to the provisions of Section 4 hereof.

Section 2. Amount of the Production Payment. The Production Payment shall remain in full force and effect until Grantor (or its assigns as the then owner of the Production Payment) shall have received and realized out of the Production Payment Hydrocarbons the full aggregate sum of the amounts specified in Subdivisions A, B and C of this Section 2, free and clear of all Production Expenses:

A. The sum of Four Hundred Thousand and No/100 Dollars (\$400,000.00) (herein called the "Primary Sum"); plus