

411975

Pilgrim Exploration Corp.

1200 Travis, Suite 900
Houston, Texas 77002

Phone: 713/652-9010
Fax: 713/652-2909

June 21, 1991

RECEIVED

JUN 27 1991

Minerals Management Service
Leasing & Environment

Minerals Management Service
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

Attention: Adjudication Division
MS - 5421

Gentlemen:

Enclosed for filing under Ship Shoal 11 is an Assignment of Overriding Royalty Interest. Two copies are included. Please file one document on the microfilm record and stamp and return one copy to our office.

Also enclosed is a check in the amount of \$25.00 to cover the cost of filing.

Very truly yours,


D. H. McKenna

DHM
mms.dhm
Enclosures

(mms/ss11)

11975
RECEIVED

JUN 27 1991

Minerals Management Service
Leasing & Environment

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

THE STATE OF LOUISIANA §
§
PARISH OF TERREBONNE §

KNOW ALL MEN BY THESE PRESENTS:

For a sufficient consideration received, PILGRIM EXPLORATION CORP., a Texas corporation whose address is Houston Natural Gas Building, 1200 Travis, Suite 900, Houston, Texas 77002 ("Assignor"), subject to the matters hereinafter contained and the further terms and provisions hereof, does hereby SELL, TRANSFER and ASSIGN unto ENERGY EXPLORATION INTERNATIONAL, INC., whose address is 6909 Southwest Freeway, Houston, Texas 77074 ("Assignee"), and its successors and assigns, an overriding royalty interest in oil and gas produced and saved from the oil, gas and mineral lease described in Exhibit A attached hereto and made a part hereof for all purposes (hereinafter called the "Lease"), reference being made to the Lease and the record hereof for a more particular description of the area covered thereby, equal to 2.34375 percent of eight-eighths (2.34375 of 8/8ths).

The overriding royalty interest herein assigned is accepted subject to the following terms, conditions and covenants, to-wit:

(a) Neither Assignor, nor its successors or assigns, shall be under any obligation against their will, to operate on any of the lands covered by the Leases, respectively, or lands pooled therewith, for the discovery, drilling, development or production of oil, gas or other minerals, but such operations, and the extent and duration thereof, as well as the preservation of the leasehold, shall be solely at the will of Assignor, its successors and assigns.

(b) No change in ownership or right to receive said overriding royalty or any part thereof, however accomplished, shall operate to enlarge the obligations or diminish the rights of Assignor and notwithstanding any other notice thereof it shall not constitute effective notice to Assignor for any purposes, until thirty (30) days after receipt by Assignor by registered mail of the duly recorded instruments or certified copies thereof or other legally authenticated written evidence constituting the chain of title of such change.

(c) Said overriding royalty shall be calculated and payable on the same basis as the Pilgrim Override (defined below) is calculated and payable and shall bear the gross production, pipe line, or other severance taxes, windfall profit or similar excise taxes and ad valorem or personal property taxes which may be levied or assessed against the same.

(d) The overriding royalty herein assigned is subject to the right and power of Assignor insofar as the overriding royalty herein assigned may be affected thereby, to pool or combine the acreage covered by the Lease, or any

portion thereof (without the joinder of Assignee) to the extent, and on the same terms and conditions as provided or which may be hereafter provided in the Lease. In lieu of the overriding royalty hereby assigned, Assignee shall receive on pooled production from a stratum or strata unitized under the provisions of the Lease, only such portion of the overriding royalty hereby assigned, as the amount of the acreage (surface acres) covered by the Lease and included in the unit as to the unitized stratum or strata, bears to the total acreage (surface acres) so pooled in the particular unit involved.

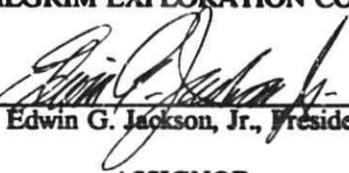
The provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and all references herein to Assignor and to Assignee shall be deemed to include their respective successors and assigns, whether or not so expressed.

TO HAVE AND TO HOLD the interest herein assigned, subject as above provided unto Assignee, its successors and assigns forever.

This assignment is made without warranty of title, express or implied.

EXECUTED in multiple original counterparts, all of which shall be deemed to be one and the same instrument, effective the 1st day of April, 1991.

PILGRIM EXPLORATION CORP.

By 
Edwin G. Jackson, Jr., President

- ASSIGNOR -

ENERGY EXPLORATION
INTERNATIONAL, INC.

By 

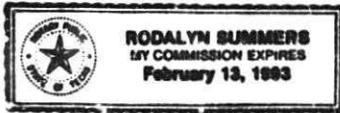
Name: B.W. TILLY

Title: PRESIDENT

- ASSIGNEE -

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me this 12th day of April, 1991, by Edwin G. Jackson, Jr., President of PILGRIM EXPLORATION CORP., a Texas corporation, on behalf of such corporation.



Rodalyn Summers
Notary Public in and for
the State of Texas

My Commission Expires:

2/13/93

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me this 25th day of April, 1991, by G. W. Tilley, President of ENERGY EXPLORATION INTERNATIONAL, INC., a Delaware corporation, on behalf of such corporation.

Anastasia J. Werner
Notary Public in and for
the State of Texas

My Commission Expires:

3/9/93



EXHIBIT A

Federal oil and gas lease Serial Number OCS-G 11975 effective as of May 1, 1990 from the United States of America to Pilgrim Exploration Corp. containing approximately 5,000.00 acres, more or less, being all of Block 11, Ship Shoal Area, OCS Leasing Map, Louisiana Map No. 5, reference being here made to the lease for a more particular description of the land covered thereby.

Pilgrim Exploration Corp.

11975
Phone: 713/652-9010
Fax: 713/652-2909

1200 Travis, Suite 900
Houston, Texas 77002

RECEIVED

APR 25 1991

**Minerals Management Service
Leasing & Environment**

April 23, 1991

Minerals Management Service
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

Attention: Adjudication Division
MS - 5421

Gentlemen:

Enclosed for filing under Ship Shoal 11 is an Assignment of Overriding Royalty Interest. Two copies are included. Please file one document on the microfilm record and stamp and return one copy to our office.

Also enclosed is a check in the amount of \$25.00 to cover the cost of filing.

Very truly yours,


D. H. McKenna

DHM:rjs
\02-15-1.dhm

(mms/ss11)

RECEIVED

APR 25 1991

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST
AND AGREEMENT TO ASSIGN BACK-IN INTEREST

Micros Management Service
Leasing & Environment

THE STATE OF LOUISIANA §
§ KNOW ALL MEN BY THESE PRESENTS:
PARISH OF TERREBONNE §

For a sufficient consideration received, PILGRIM EXPLORATION CORP., a Texas corporation whose address is Houston Natural Gas Building, 1200 Travis, Suite 900, Houston, Texas 77002 ("Assignor"), subject to the matters hereinafter contained and the further terms and provisions hereof, does hereby SELL, TRANSFER and ASSIGN unto PANCONTINENTAL ENERGY CORPORATION, whose address is c/o Mr. Charles E. Ramsey, Dean Witter Reynolds Inc., 2400 Lincoln Plaza, 500 North Akard Street, Dallas, Dallas County, Texas 75201 ("Assignee"), its successors-in-title and assigns, an overriding royalty interest in oil and gas produced and saved from the oil, gas and mineral lease described in Exhibit A attached hereto and made a part hereof for all purposes (hereinafter called the "Lease"), reference being made to the Lease and the record thereof for a more particular description of the area covered thereby, such overriding royalty interest being more particularly described in I. of Exhibit B attached hereto and made a part hereof for all purposes.

The overriding royalty interest herein assigned is accepted subject to the following terms, conditions and covenants, to-wit:

(a) Neither Assignor, nor its successors or assigns, shall be under any obligation against their will, to operate on any of the lands covered by the Leases, respectively, or lands pooled therewith, for the discovery, drilling, development or production of oil, gas or other minerals, but such operations, and the extent and duration thereof, as well as the preservation of the leasehold, shall be solely at the will of Assignor, its successors and assigns.

(b) If the lessor in the Lease owns an interest in the premises covered thereby less than the entire mineral fee estate in all or any portion of the area described therein and affected hereby, then the overriding royalty herein assigned as to such portion of the Lease shall be proportionately reduced and shall be payable to Assignee in the proportion which the interest of the lessor in such oil, gas and mineral rights bears to the entire undivided mineral fee estate therein.

(c) No change in ownership or right to receive said overriding royalty or any part thereof, however accomplished, shall operate to enlarge the obligations or diminish the rights of Assignor and notwithstanding any other notice thereof it shall not constitute effective notice to Assignor for any purposes, until thirty (30) days after receipt by Assignor by registered mail of the duly recorded instruments or certified copies thereof or other legally authenticated written evidence constituting the chain of title of such change.

(d) Said overriding royalty shall be calculated and payable on the same basis as the Pilgrim Override (defined below) is calculated and payable and shall bear the gross production, pipe line, or other severance taxes, windfall profit or similar excise taxes and ad valorem or personal property taxes which may be levied or assessed against the same.

(e) The overriding royalty herein assigned is subject to the right and power of Assignor insofar as the overriding royalty herein assigned may be affected thereby, to pool or combine the acreage covered by the Lease, or any portion thereof (without the joinder of Assignee) to the extent, and on the same terms and conditions as provided or which may be hereafter provided in the Lease. In lieu of the overriding royalty hereby assigned, Assignee shall receive on pooled production from a stratum or strata unitized under the provisions of the Lease, only such portion of the overriding royalty hereby assigned, as the amount of the acreage (surface acres) covered by the Lease and included in the unit as to the unitized stratum or strata, bears to the total acreage (surface acres) so pooled in the particular unit involved.

Reference is hereby made to that certain Agreement dated November 20, 1991, by and between Assignor and Greenhill Petroleum Corporation ("Greenhill") relating to the Lease (the "Greenhill Agreement"). Pursuant to the Greenhill Agreement, Assignor reserved (i) an overriding royalty interest ("Pilgrim Override") of one-sixteenth of eight-eighths (1/16th of 8/8ths) out of which the overriding royalty interest herein assigned is a part, and (ii) the right and option ("Pilgrim Option Right") to be exercised after each of Shallow Rights Payout and Deep Rights Payout (as such terms are defined in the Greenhill Agreement) to receive and back into an undivided fifteen percent (15%) of the operating rights interest in the Lease as to the relevant depths affected by such payout and related properties situated thereon or used in connection therewith, free and clear of any lien, encumbrances, or burdens on production created or arising by, through or under Greenhill. Assignor herein retains the sole right to elect to exercise the Pilgrim Option Right and, if Assignor exercises the Pilgrim Option Right after Shallow Rights Payout and/or Deep Rights Payout, then within thirty (30) days after receipt of its assignment of the relevant back-in interest Assignor, on form acceptable to Assignor, shall assign to Assignee the interest specified in II. of Exhibit B hereto. The back-in interest assigned to Assignee shall be subject prorata to the burdens and other matters required of the entire back-in interest under the Greenhill Agreement.

The provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors-in-title and assigns, and all references herein to Assignor and to Assignee shall be deemed to include their respective successors-in-title and assigns, whether or not so expressed.

TO HAVE AND TO HOLD the interest herein assigned, subject as above provided unto Assignee, its successors-in-title and assigns forever.

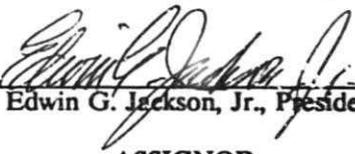
It is the agreement of the parties hereto that the depths covered by this assignment be the same depths, if any, that are earned by Greenhill under the Greenhill

Agreement. Should Greenhill earn lesser depths in the Lease than all depths under the Lease, Assignor and Assignee agree to execute a correction to this assignment to provide that this assignment and any rights herein assigned will cover only the depths under the Lease earned by Greenhill. Should Greenhill earn no interest in the Lease, the interests and rights herein assigned shall revert to and vest in Assignor (and any agreement herein of Assignor shall terminate), and Assignee agrees to execute a reassignment hereof, free and clear of all claims, burdens, encumbrances or other matters created by Assignee.

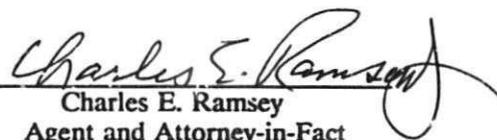
This assignment is made without warranty of title, express or implied.

EXECUTED in multiple original counterparts, all of which shall be deemed to be one and the same instrument, effective the 1st day of April, 1991.

PILGRIM EXPLORATION CORP.

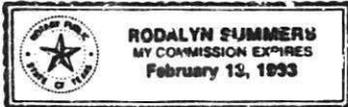
By: 
Edwin G. Jackson, Jr., President
- ASSIGNOR -

PANCONTINENTAL ENERGY
CORPORATION

By: 
Charles E. Ramsey
Agent and Attorney-in-Fact
for and on behalf of
Pancontinental Energy Corporation
- ASSIGNEE -

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me this 12th day of April, 1991, by Edwin G. Jackson, Jr., President of PILGRIM EXPLORATION CORP., a Texas corporation, on behalf of such corporation.



Rodalyn Summers
Notary Public in and for
the State of Texas

My Commission Expires:

2/13/93

THE STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me this 15th day of APRIL, 1991, by Charles E. Ramsey, Agent and Attorney-in-Fact for and on behalf of PANCONTINENTAL ENERGY CORPORATION, a Delaware corporation, on behalf of such corporation.

Cassie Pettit
Notary Public in and for
the State of Texas

My Commission Expires:

12-07-93

EXHIBIT A

Federal oil and gas lease Serial Number OCS-G 11975 effective as of May 1, 1990 from the United States of America to Pilgrim Exploration Corp. containing approximately 5,000.00 acres, more or less, being all of Block 11, Ship Shoal Area, OCS Leasing Map, Louisiana Map No. 5, reference being here made to the lease for a more particular description of the land covered thereby.

EXHIBIT B

Amount of Interest

- I. **OVERRIDING ROYALTY:** 1.068750 percent of 8/8ths overriding royalty
- II. **BACK-IN OPERATING RIGHTS INTEREST:** Effective at Shallow Rights Payout and/or Deep Rights Payout if Assignor exercises the Pilgrim Option Right(s) as to the relevant depths. 9.000000 percent interest in operating rights in the lease as to the relevant depths

Pilgrim Exploration Corp.

211975

1200 Travis, Suite 900
Houston, Texas 77002

Phone: 713/652-9010
Fax: 713/652-2909

April 18, 1991

RECEIVED

APR 23 1991

Minerals Management Service
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

Minerals Management Service
Leasing & Environment

Attention: Adjudication Division
MS - 5421

Gentlemen:

Enclosed for filing under Ship Shoal 11 is an Assignment of Overriding Royalty Interest. Two copies are included. Please file one document on the microfilm record and stamp and return one copy to our office.

Also enclosed is a check in the amount of \$25.00 to cover the cost of filing.

Very truly yours,

D.H. McKenna
D. H. McKenna

DHM:rjs
\02-15-1.dhm

(mms/ss11)

RECEIVED

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST
AND AGREEMENT TO ASSIGN BACK-IN INTEREST

APR 29 1987

Minerals Management Service
Leasing & Environment

THE STATE OF LOUISIANA §
§
PARISH OF TERREBONNE §

KNOW ALL MEN BY THESE PRESENTS:

For a sufficient consideration received, PILGRIM EXPLORATION CORP., a Texas corporation whose address is Houston Natural Gas Building 1200 Travis, Suite 900, Houston, Texas 77002 ("Assignor"), subject to the matters hereinafter contained and the further terms and provisions hereof, does hereby SELL, TRANSFER and ASSIGN unto REALE INVESTMENTS, INC., whose address is 1200 Travis, Suite 900, Houston, Harris County, Texas 77002 ("Assignee"), its successors-in-title and assigns, an overriding royalty interest in oil and gas produced and saved from the oil, gas and mineral lease described in Exhibit A attached hereto and made a part hereof for all purposes (hereinafter called the "Lease"), reference being made to the Lease and the record thereof for a more particular description of the area covered thereby, such overriding royalty interest being more particularly described in I. of Exhibit B attached hereto and made a part hereof for all purposes.

The overriding royalty interest herein assigned is accepted subject to the following terms, conditions and covenants, to-wit:

(a) Neither Assignor, nor its successors or assigns, shall be under any obligation against their will, to operate on any of the lands covered by the Leases, respectively, or lands pooled therewith, for the discovery, drilling, development or production of oil, gas or other minerals, but such operations, and the extent and duration thereof, as well as the preservation of the leasehold, shall be solely at the will of Assignor, its successors and assigns.

(b) If the lessor in the Lease owns an interest in the premises covered thereby less than the entire mineral fee estate in all or any portion of the area described therein and affected hereby, then the overriding royalty herein assigned as to such portion of the Lease shall be proportionately reduced and shall be payable to Assignee in the proportion which the interest of the lessor in such oil, gas and mineral rights bears to the entire undivided mineral fee estate therein.

(c) No change in ownership or right to receive said overriding royalty or any part thereof, however accomplished, shall operate to enlarge the obligations or diminish the rights of Assignor and notwithstanding any other notice thereof it shall not constitute effective notice to Assignor for any purposes, until thirty (30) days after receipt by Assignor by registered mail of the duly recorded instruments or certified copies thereof or other legally authenticated written evidence constituting the chain of title of such change.

(d) Said overriding royalty shall be calculated and payable on the same basis as the Pilgrim Override (defined below) is calculated and payable and shall bear the gross production, pipe line, or other severance taxes, windfall profit or similar excise taxes and ad valorem or personal property taxes which may be levied or assessed against the same.

(e) The overriding royalty herein assigned is subject to the right and power of Assignor insofar as the overriding royalty herein assigned may be affected thereby, to pool or combine the acreage covered by the Lease, or any portion thereof (without the joinder of Assignee) to the extent, and on the same terms and conditions as provided or which may be hereafter provided in the Lease. In lieu of the overriding royalty hereby assigned, Assignee shall receive on pooled production from a stratum or strata unitized under the provisions of the Lease, only such portion of the overriding royalty hereby assigned, as the amount of the acreage (surface acres) covered by the Lease and included in the unit as to the unitized stratum or strata, bears to the total acreage (surface acres) so pooled in the particular unit involved.

Reference is hereby made to that certain Agreement dated November 20, 1950, by and between Assignor and Greenhill Petroleum Corporation ("Greenhill") relating to the Lease (the "Greenhill Agreement"). Pursuant to the Greenhill Agreement, Assignor reserved (i) an overriding royalty interest ("Pilgrim Override") of one-sixteenth of eight-eighths ($1/16$ th of $8/8$'s) out of which the overriding royalty interest herein assigned is a part, and (ii) the right and option ("Pilgrim Option Right") to be exercised after each of Shallow Rights Payout and Deep Rights Payout (as such terms are defined in the Greenhill Agreement) to receive and back into an undivided fifteen percent (15%) of the operating rights interest in the Lease as to the relevant depths affected by such payout and related properties situated thereon or used in connection therewith, free and clear of any lien, encumbrances, or burdens on production created or arising by, through or under Greenhill. Assignor hereby retains the sole right to elect to exercise the Pilgrim Option Right and, if Assignor exercises the Pilgrim Option Right after Shallow Rights Payout and/or Deep Rights Payout, then within thirty (30) days after receipt of its assignment of the relevant back-in interest Assignor, on form acceptable to Assignor, shall assign to Assignee the interest specified in II. of Exhibit B hereto. The back-in interest assigned to Assignee shall be subject prorata to the burdens and other matters required of the entire back-in interest under the Greenhill Agreement.

The provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors-in-title and assigns, and all references herein to Assignor and to Assignee shall be deemed to include their respective successors-in-title and assigns whether or not so expressed.

TO HAVE AND TO HOLD the interest herein assigned, subject as above provided unto Assignee, its successors-in-title and assigns forever.

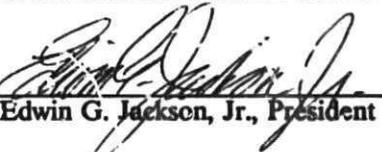
It is the agreement of the parties hereto that the depths covered by this assignment be the same depths, if any, that are earned by Greenhill under the Greenhill

Agreement. Should Greenhill earn lesser depths in the Lease than all depths under the Lease, Assignor and Assignee agree to execute a correction to this assignment to provide that this assignment and any rights herein assigned will cover only the depths under the Lease earned by Greenhill. Should Greenhill earn no interest in the Lease, the interests and rights herein assigned shall revert to and vest in Assignor (and any agreements herein of Assignor shall terminate), and Assignee agrees to execute a reassignment hereof, free and clear of all claims, burdens, encumbrances or other matters created by Assignee.

This assignment is made without warranty of title, express or implied.

EXECUTED in multiple original counterparts, all of which shall be deemed to be one and the same instrument, effective the 1st day of April, 1991.

FILGRIM EXPLORATION CORP.

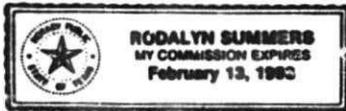
By: 
Edwin G. Jackson, Jr., President
- ASSIGNOR -

REALE INVESTMENTS, INC.

By: 
Sam M. Puryear, President
- ASSIGNEE -

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me this 1st day of April, 1991, by Edwin G. Jackson, Jr., President of PILGRIM EXPLORATION CORP., a Texas corporation, on behalf of such corporation.



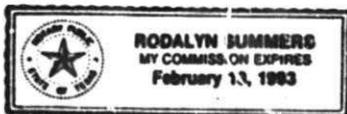
Rodalyn Summers
Notary Public in and for
the State of Texas

My Commission Expires:

2/13/93

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

This instrument was acknowledged before me this 1st day of April, 1991, by Sam M. Puryear, President of REALE INVESTMENTS, INC., a Texas corporation, on behalf of such corporation.



Rodalyn Summers
Notary Public in and for
the State of Texas

My Commission Expires:

2/13/93

EXHIBIT A

Federal oil and gas lease Serial Number OCS-G 11975 effective as of May 1, 1990 from the United States of America to Pilgrim Exploration Corp. containing approximately 5,000.00 acres, more or less, being all of Block 11, Ship Shoal Area, OCS Leasing Map, Louisiana Map No. 5, reference being here made to the lease for a more particular description of the land covered thereby.

EXHIBIT B

Amount of Interest

- I. OVERRIDING ROYALTY: 0.404250 percent of 8/8ths overriding royalty
- II. BACK-IN OPERATING RIGHTS INTEREST: Effective at Shallow Rights Payout and/or Deep Rights Payout if Assignor exercises the Pilgrim Option Right(s) as to the relevant depths. 1.176000 percent interest in operating rights in the lease as to the relevant depths

11975

Pilgrim Exploration Corp.

1200 Travis, Suite 900
Houston, Texas 77002

Phone: 713/652-9010
Fax: 713/652-2909

February 15, 1991

RECEIVED

Minerals Management Service
1201 Elmwood Park Blvd.
New Orleans, Louisiana 70123-2394

FEB 19 1991

**Minerals Management Service
Leasing & Environment**

Attention: Adjudication Division
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Very truly yours,



D. H. McKenna

DHM:rjs
\02-15-1.dhm

(mms/ss11)

11973
RECEIVED

FEB 19 1991

Minerals Management Service
Leasing & Environment

ASSIGNMENT OF OVERRIDING ROYALTY INTEREST

STATE OF LOUISIANA §
§
PARISH OF TERREBONNE §

KNOW ALL MEN BY THESE PRESENTS:

FOR a sufficient consideration received, PILGRIM EXPLORATION CORP., a Texas corporation whose address is 1200 Travis, Suite 900, Houston, Texas 77002 ("Assignor"), subject to the matters hereinafter contained, does hereby SELL, TRANSFER and ASSIGN unto ROBERT MARION SWORDS whose address is 8019 Trapier Avenue #3, New Orleans, Louisiana 70127 ("Assignee") and his heirs, personal representatives and assigns, an overriding royalty interest in oil and gas produced and saved from the oil, gas and mineral lease or leases described in Exhibit A attached hereto and made a part hereof for all purposes (hereinafter called the "Leases", whether one or more), reference being made to the Leases and the record thereof for a more particular description of the land covered thereby, equal to one percent of eight-eighths (1% of 8/8ths).

The overriding royalty interest herein assigned is accepted subject to the following terms, conditions and covenants, to-wit:

- (a) Neither Assignor, nor its successors or assigns, shall be under any obligation against their will, to operate on any of the lands covered by the Leases, respectively, or lands pooled therewith, for the discovery, drilling, development or production of oil, gas or other minerals, but such operations, and the extent and duration thereof, as well as the preservation of the respective leaseholds, shall be solely at the will of Assignor, its successors and assigns.
- (b) If the lessors in any of the Leases own an interest in the premises covered thereby less than the entire mineral fee estate in all or any portion of the land described therein and affected hereby, then the overriding royalty herein assigned as to such of the Leases shall be proportionately reduced and shall be payable to Assignee in the proportion which the interest of the lessors in such oil and gas mineral rights bears to the entire undivided mineral fee estate therein.
- (c) If Assignor acquires less than the full leasehold interest in any of the Leases, or if Assignor's leasehold interest in any of the Leases is presently subject to and is later reduced due to a back-in, conversion, the effectiveness of a deferred interest or similar right of a third party, then the overriding royalty herein assigned as to such of the Leases shall be proportionately reduced and shall be payable to Assignee in the proportion which the leasehold interest of Assignor from time to time bears to the entire undivided leasehold estate (it is understood and agreed that should Assignor's leasehold interest be reduced due to a back-in, conversion, the effectiveness of a deferred interest or similar right of a third party, the override herein assigned shall likewise be reduced simultaneously).
- (d) No change in ownership or right to receive said overriding royalty or any part thereof, however accomplished, shall operate to enlarge the obligations or diminish the rights of Assignor and notwithstanding any other notice thereof it shall not constitute effective notice to Assignor for any purposes, until thirty (30) days after receipt by Assignor by registered mail of the duly recorded instruments or certified copies thereof or other legally authenticated written evidence constituting the chain of title of such change.
- (e) Said overriding royalty shall bear the gross production, pipe line, or other severance taxes, windfall profit or similar excise taxes which may be levied or assessed against the same. Assignee shall pay the transportation costs of production attributable to said overriding royalty and all ad valorem or personal property taxes assessed against said overriding royalty.
- (f) The overriding royalty herein assigned is subject to the right and power of Assignor insofar as the overriding royalty herein assigned may be affected thereby, to pool or combine the acreage covered by the Leases, respectively, or any portion thereof (without the joinder of Assignee) to the extent, and on the same terms and conditions as provided or which may be hereafter provided in the Leases, respectively. In lieu of the overriding royalty hereby assigned, Assignee shall receive on pooled production from a stratum or strata unitized under the provisions of such of the Leases, only such portion of the overriding royalty hereby assigned, as the amount of the acreage (surface acres) covered by such of the Leases and included in the unit as to the unitized stratum or strata, bears to the total acreage (surface acres) so pooled in the particular unit involved.

The provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns, and all references herein to Assignor and to Assignee shall be deemed to include their respective heirs, personal representatives, successors and assigns, whether or not so expressed.

To Have and To Hold the overriding royalty interest herein assigned, subject as above provided unto Assignee, his heirs, personal representatives and assigns forever.

EXHIBIT A

The Lease

Federal oil and gas lease Serial Number OCS-G 11975 effective as of May 1, 1990, from the United States of America to Pilgrim Exploration Corp. containing approximately 5,000.00 acres, more or less, being all of Block 11, Ship Shoal Area, OCS Leasing Map, Louisiana Map No. 5, reference being here made to the lease for a more particular description of the land covered thereby.