

terest of the notes due in twelve months thereafter, as above described, and when the principal and interest of said notes due in twelve months, last mentioned, has been fully paid, the proceeds derived from the sale of said one-half of said oil produced, shall thereafter be applied as payment on the principal and interest of said notes due in eighteen months hereafter, as above described, and when the principal and interest of the said notes due in eighteen months hereafter last above named, shall be fully paid, all the oil to be produced from the lands in said leases described shall be the property of the party of the first part, and said oil or any part thereof shall no longer be run to the credit of the said parties of the second part. PROVIDED, that the principal and interest of each and all the notes above described shall become due and payable absolutely upon the day and dates therein mentioned, and shall be by said party of the first part, paid when due, regardless of the fact that the proceeds derived from the <sup>sale</sup> of the said oil produced as aforesaid may have been ~~an~~ insufficient to pay the principal and interest of said notes as they fell due. And whereas, it has been agreed by and between the parties hereto that said leases, lease hold estates, and all the right, title and interest of the first party therein and said one half of the oil to be produced, together with all tools, appliances, lines, tankage, and equipment now on the lands above described or which may hereafter be placed thereon, shall be security for the payment of said promissory notes.

NOW THEREFORE, for the purpose of securing the payment of the said sum evidenced by the notes aforesaid, according to their tenor and effect, as the same become due, the party of the first part does hereby sell, assign, transfer and convey to the parties of the second part, the said leases, leasehold estates and all the right, title and interest of the said first party, in and to the same, and the products thereof, together with the equipment thereon as above described, and also one half of the oil to be produced from the lands embraced and described in the leases aforesaid. And it is hereby agreed that said one half of said oil to be produced as aforesaid shall be, by the party of the first part, run to the credit of parties of the second part and sold by second parties, their heirs or assigns, at the times to be indicated by the party of the first part at the price paid by the purchaser at the time of sale and the proceeds derived from the sale of same shall be applied as payment on the principal and interest of said notes, in the manner and form and at the times set forth and designated in the paragraph next preceeding, and the principal and interest of said notes, and each of them, shall be by the said party of the first part, paid as in said preceeding paragraph set out and designated. Provided, always, that this agreement is made upon the express condition that if the party of the first part shall pay, or cause to be paid, the above described notes, and each of them as the same shall become due and shall fully and completely carry out and perform all of the things, terms and conditions incumbent upon said first party to do and perform, as hereinbefore set out and pay all taxes and assessments of every kind and nature which may be made or assessed against said leases, leasehold estate or other property, or any part thereof, and shall fully, faithfully and completely keep and perform all the terms, covenants and agreements in said leases, and