

PREFERENTIAL RIGHT TO PURCHASE PRODUCTION

Form 1.

(Oil) Assignor reserves the right at any time and from time to time to purchase or designate a purchaser for all of Assignee's oil and other liquid hydrocarbons produced and saved from the interests in the lands and leases that are the subject of this Assignment. Assignor's election to purchase oil or other liquid hydrocarbons shall be given to Assignee in writing at least _____ days prior to the time purchases are to begin, and notice of discontinuance of purchases shall be given in a like manner. The price paid shall be the current market price at the wells for such production of like kind and quality.

Form 2.

(Gas) Assignor retains and reserves the optional preferential right at any time and from time to time to enter into a contract to purchase or designate a purchaser for all of Assignee's gas produced from the interest in the leases and the lands that are the subject of this Assignment, such right to be exercised in accordance with the provisions of this paragraph. If Assignee elects to sell gas production and shall receive a bona fide offer acceptable to it to purchase such gas production, it shall promptly furnish Assignor written notice of that fact, and Assignor shall have _____ days after receipt of the notice to elect either to enter into a contract to purchase the gas on the same terms and conditions of the offer, or to designate a third party purchaser of the gas on either the same terms and conditions or (in Assignor's sole judgment) on more favorable terms and conditions, and if any third party purchaser is designated, the designation shall be binding on Assignee. If Assignor fails to notify Assignee within that _____ day period of its election to exercise this right, then it shall have no right to exercise the preferential right during the contract term. If Assignor does not exercise the optional preferential right, and for any reason Assignee shall not thereafter accept the offer, or if Assignee accepts the offer and the resulting contract expires or is terminated or renegotiated, then the foregoing reservation of the optional preferential right shall continue in full force and effect and the optional preferential right shall apply with respect to any new offer or renegotiated offer to purchase gas.