

## WELL TAKEOVER

1. In any of the following events, Assignor shall have the option to take over any well, such option to be exercised by mailing or otherwise giving notice to Assignee of Assignor's intention to take over a well. The mailing or giving of notice will constructively constitute the "take over."

a. In the event Assignor fails in any attempt to obtain production of oil or gas in paying quantities from any well, and intends to abandon that well, it shall promptly notify Assignor of such intention to abandon the well, and Assignor shall have the option, for a period of forty-eight (48) hours, excluding Saturdays, Sundays, and legal holidays, from receipt of such notice within which to take over the well.

b. In the event production from any well should cease from any cause, or should decline to such an extent that production is no longer deemed to be in paying quantities, and Assignee fails within \_\_\_\_\_ days, after that determination is made to restore production in paying quantities or commence operations to obtain or restore production in paying quantities, or ceases to prosecute such operations to obtain or restore production for \_\_\_\_\_ consecutive days, then Assignor shall have the option at any time thereafter to take over such well.

c. In the event Assignee intends to abandon any producing well, it shall notify Assignor and Assignor shall have the option for a period of \_\_\_\_\_ days from receipt of that notice within which to take over the well.

d. In the event Assignee has completed a well capable of producing gas in paying quantities, but the well has not been produced because of lack of market, then Assignor shall have the option to take over the well at any time after the expiration of \_\_\_\_\_ years from the date the well was shut-in.

2. In any of these events, on Assignor's exercise of the option, all of Assignee's right, title, and interests in the governmental proration spacing or production unit for such well shall terminate and revert to Assignor. Any well and all subsequent production from it shall be owned solely by Assignor and it shall have the sole right to operate and maintain the well and use, sell, or otherwise dispose of all production as it may desire, without limitation. Assignor shall have the option to purchase from Assignee any items of equipment, fixtures, and machinery in, on, or around a well as Assignor may desire, paying Assignee the reasonable salvage value; that value being the reasonable value of the right to remove such items from land less the cost of removal. If Assignor and Assignee cannot agree on the reasonable salvage value, then the highest of three (3) bona fide written offers, the originals of which are to be submitted to Assignor, will be the controlling price as to such items as Assignor may desire to purchase.

3. Notwithstanding the automatic reverting and reverting of title into Assignor, on the happening of the events, provided above, Assignee shall promptly make, execute, and

deliver to Assignor any instrument or instruments reassigning and reconveying Assignee's interest and record title into Assignor, as and when requested. Assignee hereby agrees and all persons are given notice that, should the leases, at any time, be reassigned or reconveyed in accordance with the provisions of this Assignment, it shall be free and clear of any overriding royalty, payment out of production, net profit obligation or carried interest, or any obligation to which it may have been subjected by Assignee. Any such obligations shall cease and terminate and be of no further force and effect as to such part of the leases reassigned or reconveyed, notwithstanding that Assignor may have expressly or impliedly consented to the assignment or the instrument in which any obligation was reserved or created. In the event Assignor exercises its option to take over a well as provided above and such well is the last or only producing well on a lease, then the reassignment shall cover all of said leases and lands then held.

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