

lawful authority, to grant, bargain, sell, transfer, assign and convey the production payment hereby conveyed in the manner and form hereby done or intended; that the above production payment is free and clear of all liens, encumbrances and adverse claims; that the leases (including those leases under option to the Grantor) described in Exhibit "A" are valid and subsisting leases; that the options described in Exhibit "A" are valid and existing and will be exercised by the Grantor prior to the expiration dates of said option prior to the dates when gas produced from the property covered by said options is sold; that all rents and royalties due and payable under said leases have been duly paid and all conditions necessary to keep said leases in full force and effect have been duly performed; that the Grantor is the lawful owner and has good title to such interests hereby conveyed; that the Grantor will warrant and forever defend the title to such interests hereby conveyed unto the Grantee against the claims of all persons whomsoever claiming the same or any part thereof; that the Grantor will on request of the Grantee promptly correct any defect, error or omission which may be discovered in the contents of this instrument or in the execution or acknowledgment thereof, and will execute and deliver such further instruments and do such further acts as may be necessary or as may be reasonably requested by the Grantee, to carry out more effectively the purposes of this instrument and to make subject hereto the interests hereby covered or intended to be covered.

The Grantor further covenants that until the Grantee shall have received the proceeds of sale of oil and/or gas to which the Grantee is entitled hereunder, the Grantor will continuously operate,