

WHEREAS, the undersigned Grantors desire to grant unto Grantee an overriding royalty in the amount of two percent (2%) of all of the oil, gas and other hydrocarbon substances which may be produced, saved, marketed and sold from said lease, insofar as same covers the above described lands, under the terms of said lease or any modifications, renewals or extensions thereof;

NOW, THEREFORE, the undersigned Grantors, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to them in hand paid by said Grantee, the full receipt and sufficiency of which are hereby acknowledged and confessed, do hereby grant, bargain, sell, transfer, set over, convey and assign, and, by these presents, have granted, bargained, sold, transferred, set over, conveyed and assigned unto the said Grantee, his heirs, successors, legal representatives and assigns, an overriding royalty of two percent (2%) of all oil, gas and other hydrocarbon substances which may be produced, saved and marketed from the above described lands in, to and under said lease or ~~any renewals, extensions or modifications thereof.~~ Said overriding royalty shall be free and clear of all costs and expenses of development and operation of the subject lease but shall be subject to its proportionate part of all production and severance taxes assessed or to be assessed thereon.

TO HAVE AND TO HOLD said overriding royalty unto the said Grantee, his heirs, successors, legal representatives and assigns, forever.

No payment shall be made hereunder or shall accrue by virtue of any oil, gas or other hydrocarbon substances which may be produced from the subject lands which are used for operating, development or production purposes on the above