

WHEREAS, the undersigned Grantors desire to grant unto Grantees a total overriding royalty in the amount of three percent (3%) 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, to be owned and held by the said Grantees severally in the respective portions hereinafter stated;

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 each of said Grantees, 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 A. Harvey Arant an overriding royalty of one and one-half percent ($1\frac{1}{2}\%$) and unto the said Waymon G. Peavy an overriding royalty of one and one-half percent ($1\frac{1}{2}\%$), their respective heirs, successors, legal representatives and assigns, 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 Grantees, their respective heirs, successors, legal representatives and assigns, forever.