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an overriding royalty of None per cent (0%) of all oil and gas produced, saved and marketed from the above-described land, which royalty interest is to be reserved by Optionor if and when Optionee elects to take an assignment of all or a part of the interest of Optionor in said land as herein provided. The existence of pre-existing overriding royalties in an amount not to exceed Two and * One-Half per cent (2½ %) is hereby acknowledged and will be assumed by Optionee as to any land upon which Optionee exercises the option herein granted for the duration that such land is held by such assignment or assignments.

Dated: August 26, 1959

Earl S. Sprague
Connie S. Sprague

Optionee's obligation to pay the hereinabove reserved overriding royalties is conditioned upon the United States' having, holding and maintaining a valid and subsisting fee title to all the mineral lands covered by said lease or application and conditioned upon Optionor's having and holding a good and subsisting title to the entire leasehold interest in said lease issued or lease or leases to be issued by the United States on the hereinabove-described mineral lands; but, if the title of the United States to said lands, and if Optionor's title to said leaseholds therein, should fail in whole or in part, or if any assignment or assignments executed by Optionor to Optionee pursuant to this option agreement cover less than the whole and undivided fee title to said mineral lands, then the overriding royalties herein reserved shall be reduced proportionately.