

## RESERVATION OF OVERRIDING ROYALTY INTEREST

### Form 1.

Assignor excepts from this Assignment and reserves out of the interest assigned an overriding royalty interest of \_\_\_\_\_% of all oil, gas, casinghead gas and other minerals that may be produced from the lands under the terms of the leases that are the subject of this Assignment.

### Form 2.

Assignee shall pay to Assignor, free and clear of all exploring, producing, developing, processing, marketing, and transporting costs, and all claims, charges, expenses, and taxes (except as provided below), the following overriding royalties, including those paid in kind, on the oil or gas produced from the Oil and Gas Leases and Lands described on Exhibit "A," which overriding royalties are reserved and retained by Assignor:

a. On oil, including condensate, distillate, and all hydrocarbons produced in a liquid form at the mouth of the well or recovered from oil or gas run through a separator or other equipment, \_\_\_\_\_ of the gross production or the market value of the production, at the option of Assignor.

b. On gas, including casinghead gas, flared gas, gas used in lease operations, and any other gaseous substances, \_\_\_\_\_ of the gross production or the market value of the production, at the option of Assignor, except as provided below.

c. On gas processed in a plant for the recovery of gasoline or other liquid hydrocarbons, \_\_\_\_\_ of the residue gas and the liquid hydrocarbons extracted or their market value, at the option of Assignor. All royalties due on processed gas and gas liquids shall be based on (i) 100% of the total plant production of residue gas attributable to gas produced from the Oil and Gas Leases, and (ii) 50% or that percent accruing to Assignee, whichever is the greater, of the total plant production of liquid hydrocarbons attributable to the gas produced from the Oil and Gas Leases; provided, however, should hydrocarbons be recovered from gas processed in a plant in which Assignee (or its parent, subsidiary or affiliate) owns an interest, then the percentage applicable to liquid hydrocarbons shall be 50% or the highest percent accruing to a third party processing gas through such plant under a processing agreement negotiated at arms-length (or if there is no such third party, the highest percent then being specified in processing agreements or contracts in the industry), whichever is the greater percentage.

Proceeds from any sale between Assignee and any nonaffiliated company or person negotiated in good faith and at arms-length shall be deemed to be market value for the purposes of this overriding royalty reservation. Assignor's overriding royalty shall bear its share of all ad valorem, severance, gross production, gathering, excise, and other similar taxes levied on or measured by production from the land.

**Form 3.**

Assignor excepts from this Assignment and reserves an overriding royalty interest of \_\_\_\_\_ of all oil, gas, casinghead gas, and other minerals that may be produced from the lands under the terms of the Leases that are the subject of this Assignment.

**Form 4.**

Assignor excepts from this Assignment and reserved an overriding royalty interest of \_\_\_\_\_ of all oil, gas, casinghead, and other minerals that may be produced from the lands under the terms of the Leases that are the subject of this Assignment. In the event any Lease covers less than the entire mineral estate in the lands it covers, the overriding royalty interest reserved by Assignor shall be reduced proportionately.

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Form