

GROSS OVERRIDING ROYALTY AGREEMENT

THIS AGREEMENT made as of the _____ day of _____, _____.

BETWEEN:

GRANTOR, a body corporate having an office at the City of _____, in the Province of Alberta (hereinafter referred to as the "Grantor")

OF THE FIRST PART

- and -

GRANTEE, a body corporate having an office at the City of _____, in the Province of Alberta (hereinafter referred to as the "Grantee")

OF THE SECOND PART

NOW THEREFORE THIS AGREEMENT WITNESSES that the parties hereto agree as follows:

1. **Definitions**

In this Agreement, unless the context otherwise requires:

- (a) **Documents** means the petroleum and natural gas leases, farmouts, options or other agreements to which the Grantor is a party, including any extensions or renewals thereof and any new grant acquired in place of the Leases aforesaid, pertaining to the Lands;
- (b) **the Lands** means the lands to the extent and as more particularly described in Schedule "A" attached hereto, in which the Grantor holds any right or interest and includes the petroleum substances which, upon or under such lands, together with the right to explore for and recover same insofar as such rights are granted by the Documents;
- (c) **Petroleum Substances** means the Grantor's share of petroleum and natural gas and related hydrocarbons (except coal and valuable stone), all other gases and all minerals and substances (whether liquid or solid and whether hydrocarbons or not) in association with any of the foregoing or found in any water contained in an oil and gas reservoir but only insofar as and to the extent that the same are granted to the Grantor by the Documents.

2. **Gross Overriding Royalty**

The Grantor hereby reserves out, grants, sets over and conveys to the Grantee an interest in the Lands, the Petroleum Substances and the Documents in the form of a gross overriding royalty of **% percent of the Grantor's interest in all Petroleum Substances to be found to exist or deemed to exist within, upon or under the Lands and which are produced, marketed and saved therefrom pursuant to the Documents (hereinafter called the "Royalty") free and clear of any and all costs of every kind and nature whatsoever (subject to the provisions of Clause 8 hereof) incurred in connection with maintaining, renewing and extending, exploring, drilling, producing, operating and marketing, gathering, transporting, processing and compressing of such Petroleum Substances.

3. **Term**

The term of the said Royalty shall be for the balance of the term of the Documents.

THIS IS A 5-PAGE CONTRACT.