

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 2 day of Sept. 19 80 between
Thomas R. Tillery and wife, Hellen Tillery

Lessor (whether one or more) whose address is 7415 Dalokai St., Orlando, Fl. 32807
and Anoco Production Company, P.O. Box 50979, New Orleans, La. 70150 Lessee. WITNESSETH

1. Lessor in consideration of Ten and More Dollars
(\$ 10.00 & more) in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in Shelby County, Alabama, to-wit:

Township 18 South, Range 2 East

Section 35: S $\frac{1}{2}$ of SE $\frac{1}{4}$ less; Begin at the NW corner of SE $\frac{1}{4}$ of SE $\frac{1}{4}$; SEly 528 feet to POB; SWly 570.2 feet; SEly 746.4 feet; NEly 566.9 feet; NWly 649 feet; NWly 101 feet to POB. Containing an aggregate 50 acres, more or less.

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Shelby Cnty Judge of Probate, AL
10/21/1980 00:00:00 FILED/CERTIFIED

BOOK 329 PAGE 358

It is agreed and understood by and between the parties hereto that this lease does not cover nor include coal, iron ore, or other minerals mined by the open pit or shaft methods.

It is the intention of Lessor and Lessee that this lease shall also include, and there is hereby included, granted, leased and let, for the purposes and consideration herein stated, all the land owned or claimed by Lessor, adjacent or contiguous to the land particularly described above, whether the same be in said section or sections, grant or grants, or in adjacent sections or grants, although not included within the boundaries of the land particularly described above. For the purpose of determining the amount of any money payment hereunder, the lands herein shall be treated as comprising 50 acres, whether there be more or less, and in the event of a partial assignment or surrender hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres stated in such assignment or surrender.

2. Subject to the other provisions herein contained, this lease shall be for a term of ten years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or lands with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, one-eighth (1/8) of that produced and saved from said land, the same to be delivered at the well or to the credit of Lessor into the pipeline to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase, in either case such interest to bear its proportion of any expense of treating unmerchantable oil to render it merchantable as crude; (b) on gas, one-eighth (1/8) of the market value at the well of the gas used by Lessee in operations not connected with the land leased or any pooled unit containing all or a part of said land; the royalty on gas sold by Lessee to be one-eighth (1/8) of the amount realized at the well from such sales; (c) one-eighth (1/8) of the market value at the mouth of the well of gas used by Lessee in manufacturing gasoline or other by-products, except that in computing such value, there shall be excluded all gas or components thereof used in lease or unit operations; and (d) on all other minerals mined and marketed, one-tenth (1/10) either in kind or value at the well or mine, at Lessee's election, except that on sulphur mined and marketed, the royalty shall be fifty cents (50¢) per long ton. In the event that any well on the land or on property pooled therewith (or with any part thereof) is capable of producing oil or gas or gaseous substances in paying quantities but such minerals are not being produced, then Lessee's rights may be maintained, in the absence of production or drilling operations, by commencing or resuming rental payments (herein sometimes referred to as shut-in gas payments) as hereinafter provided in paragraph 6. Should such conditions occur or exist at the end of or after the primary term or within sixty (60) days prior to the expiration thereof, Lessee's rights may be extended beyond and after the primary term by the commencement, resumption or continuance of such payments at the rate and in the manner herein provided for rental payments during the primary term, and for the purpose of computing and making such payments the expiration date of the primary term and each anniversary date thereof shall be considered as a fixed rental paying date, and if such payments are made, it will be considered that oil or gas or gaseous substance is being produced within the meaning of paragraph 2 hereof. Lessee shall have free use of oil, gas, coal, wood and water from said land, except water from Lessor's wells, for all operations hereunder, and royalty on oil, gas and coal shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with any lawful spacing rules which may be prescribed for the field in which this lease is situated by any duly authorized authority, or when to do so would, in the judgment of Lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

5. If operations for drilling are not commenced on said land or on acreage pooled therewith as above provided on or before one year from this date the lease shall then terminate as to both parties, unless on or

before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in Landmark Bank at Orlando, Florida
Fifty and No/100 Dollars the sum of 50.00

6. If prior to discovery of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within 60 days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of 60 days from date of completion of dry hole or cessation of production. If at any time subsequent to sixty (60) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land, or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within sixty (60) days prior to the end of the primary term, the lease shall remain in force so long as operations are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land, or on acreage pooled therewith, as if the lease had not expired. If a well or wells producing oil, gas or other mineral is drilled on or adjacent to land and within one (one) mile (1609 feet) of and during the term of this lease, Lessee agrees to drill such offset wells as a prudent operator would drill under the same or similar circumstances.

7. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessee, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without Lessor's consent. Lessee shall be responsible for all damages caused by Lessee's operations hereunder other than damages necessarily caused by the exercise of the rights herein granted.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part, liability for hereof or any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased, and that all debts of the estate have been paid. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein or at Lessee's election, the proportionate part of said rental to which each participant is entitled may be paid or tendered to him separately or to his separate credit in said depository, and payment or tender to any participant of his portion of the rental hereunder shall maintain this lease as to such participant. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all

Thomas R. Tillery

7. The breach by Lessee of any obligation hereunder... shall constitute a breach of this lease... and in whole or in part... If the obligation should require the drilling of a well or wells, Lessee shall have ninety (90) days after the receipt of written notice by Lessee from Lessor specifically stating the breach alleged by Lessor within which to begin operations for the drilling of any such well or wells...

10. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same.

11. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, or any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith...

12. The undersigned Lessor, for himself and his heirs, successors and assigns, hereby surrenders and releases all rights of homestead in the premises herein described, in so far as said rights of homestead may in any way affect the purpose for which this lease is made as recited herein, and agrees that the annual drilling deferment rental payments made to Lessor as herein provided will fully protect this lease as to the full interests of the undersigned.

13. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering all or all of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer.

In WITNESS WHEREOF, this instrument is signed, sealed and delivered on the date first above written.

WITNESS

Handwritten signatures of witnesses: *Barney Hall*, *Jacqueline Y. Ewing*

Handwritten signature of witness: *Thomas R. Tillery* (SEAL)

Handwritten signature of witness: *Jacqueline Y. Ewing*

Handwritten signature of witness: *Hellen Tillery* (SEAL)

STATE OF Florida

COUNTY OF Orange

I, JACQUELINE Y. EWING a Notary Public in and for said County, in said State, hereby certify that Thomas R. Tillery and wife Hellen Tillery

Whose names s are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day, that, being informed of the contents of the instrument, they executed the same voluntarily on the day the 7th day of Sept.

Given under my hand and Official Seal, this 9th day of Sept. A. D. 1980

Notary Public, State of Florida at Large
My commission expires: My Commission Expires May 20, 1984
Florida

WIFE'S SEPARATE ACKNOWLEDGEMENT

STATE OF _____

COUNTY OF _____

STATE OF ALA. SHELBY CO. I CERTIFY THIS

fees: 2.50
Deed. 1.00
Reg. 10.00
Seal. 1.00
Total 5.00

I, _____ a Notary Public in and for said County, in said State, do hereby certify that on the _____ day of _____ 1980 OCT 21 AM 10:14 I called before me the within named _____

known to me to be the wife of the within named _____ who being examined separate and apart from the husband, touching her signature to the within instrument, acknowledged that she signed the same of her own free will and accord, and without fear, constraints or threats on the part of her husband

Given under my hand and Official Seal, this _____ day of _____ A. D. 19____

Notary Public in and for _____ County, _____

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Shelby Cnty Judge of Probate, AL
10/21/1980 00:00:00 FILED/CERTIFIED

Table with columns: No., FROM, TO, Dated, Term, County, Alabama, This instrument was filed for record on the, day of, 19, at, Book, Page, and duly recorded in, records of this of, (Official Title), When recorded return to.