OIL, GAS AND MINERAL LEASE

359

THIS AGREEMENT made this 11 day of November 19 80 between Francis M. Randall, a single man

19801208000139390 Pg 1/3 .00
Shelby Cnty Judge of Probate,AL
12/08/1980 00:00:00 FILED/CERTIFIED

Lessor (whether one or more) whose address is Rt. 1, Box 340, Vincent, Al. 35178 and Amoco Production Company, P.O.Box 50879, 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:

SEE EXHIBIT A FOR DESCRIPTIONS

It is the intention of Lessor to let and lease for the purposes described herein, all of the land and mineral interest(oil & gas) owned by Lessor in enclosed sections, whether land is completely and correctly described herein or not.

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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 with 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 254 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 wells 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 First Bank of Childersburg bank at Vincent Alabama, (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or the rentals) the sum of Two Hundred Fifty Four and No/100 Dollars ($ 254.00), (herein called rental) which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender of rental may be made by check or draft of Lessee mailed or delivered to Lessor or to said bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessee a proper recordable instrument naming another bank as agent to receive such payments or tenders. [illegible]

[illegible]

9. [illegible] obligation hereunder shall [illegible] or termination [illegible] this lease nor be cause for cancellation [illegible] as herein expressly provided. If the obligation should require [illegible] a well or wells, Lessee shall have [illegible] 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; and the only penalty for failure so to do shall be the termination of this lease save as to forty [illegible] acres [illegible] each well being worked on or producing oil or gas, to be selected by Lessee so that each forty (40) acre tract will embrace one such well. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil, gas or other mineral in paying quantities.

10. Lessor hereby warrants and agrees to defend the title to said land [illegible] 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. Without impairment of Lessee's rights under the warranty in [illegible] proceeds [illegible] royalty herein provided.

11. Should Lessee be prevented [illegible] with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon, or from producing oil [illegible] 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 [illegible] 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; and this lease shall be extended [illegible] so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

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 any 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. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor(s) along with Lessee's sight draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor(s) shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor(s) bank of record for payment.

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

WITNESS

Francis M. Randall (SEAL)

Francis M. Randall (SEAL)

S. S. # [redacted] (SEAL)

(SEAL)

(SEAL)

(SEAL)

Lessor.

STATE OF ALABAMA

COUNTY OF SHELBY

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I, Nolan H. Robertson, a Notary Public in and for said County, in said State, hereby certify that Francis M. Randall, a single man

Whose name is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day, that, being informed of the contents of the instrument he executed the same voluntarily on the day the same bears date.

Given under my hand and Official Seal, this 17 day of November A. D. 1980

Nolan H. Robertson

Notary Public in and for

State at Large County,

ALABAMA

My commission expires: 12-3-83

WIFE'S SEPARATE ACKNOWLEDGEMENT

STATE OF

COUNTY OF

I, ____________ a Notary Public in and for said County, in said State, do hereby certify that on the ______ day of ______ 19____ came 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.

Rev.

No.

Oil, Gas and Mineral Lease

FROM

TO

19

County, Alabama

rument was filed for record on the

19____ at

M., and duly recorded in

Page

records of this office.

(Official Title)

When recorded return to

EXHIBIT A

Township 18 South, Range 2 East

Section 13: NE¼ of SW¼; SW¼ of SW¼; S½ of NW¼ of SW¼.

Section 14: E½ of SE¼ lying East of Kellys Creek.

Section 23: E½ lying East of Kellys Creek.

Section 24: Begin at a point where section line between Sections 23 & 24 crosses Kellys Creek and run North along Section line to a bluff; SEly along said bluff to a stake; thence in a line to a marked birch tree on the bank of Kellys Creek near tdhe old cow ford; thence up the Creek to POB.

Township 19 South, Range 2 East

Section 2: Begin at the SE corner of NW¼ of NE¼; North along Section line to North line of said Section 2; West along said North line 500 feet, more or less, to the center line of PPL's [illegible] ft. R.O.W.; turn [illegible]30° left and follow said center line to the point of intersection line of the S½ of NE¼ of NW¼; [illegible]° to right and follow said North line to a point [illegible] feet, more or less, East of the West line of said NE¼ of NW¼; South [illegible] feet, more or less, to the South line of said ¼-¼; [illegible]° to left and run East to tdhe POB. Less and except: Begin at NE corner of NW¼ of NE¼; West 404 feet; SW 250 feet; South 640 feet; [illegible] [illegible]17 feet; East 41[illegible] feet; North 675 feet to POB. Also less: Begin at SE corner of NW¼ of NE¼; East along South line of NE¼ of NE¼ [illegible]1.80 feet; 71° 18' to left 143.20 feet; 77° 40' left 593.80 feet; 34° 40' left 249.54 feet to POB; 90° right 50 feet; 90° left 100 feet; 90° left 100 feet; 90° left 100 feet; 90 degrees left 50 feet to POB.

Township 21 South, Range 3 West

Section 28: Begin at NE corner NE¼ of NE¼; 11 acres in NE corner of said ¼-¼. Described as follows: N½ of NE¼ of NE¼ of NE¼ and W½ of SE¼ of NE¼ of NE¼; also one acrein SW corner of NE¼ of SE¼ of NE¼ of NE¼.

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED
1980 DEC -8 AM [illegible]
[illegible]
JUDGE OF PROBATE

Deed TAX 3.50
Min TAX 12.70
Rec 15.00
Ind 1.00
32.20

Book 330 page [illegible]

SIGNED FOR IDENTIFICATION:

Francis M. Randall

Francis M. Randall