

## OIL, GAS AND MINERAL LEASE

16th

January

32

THIS AGREEMENT made this  
James L. Kitson and  
Kathy L. Kitson, His Wife

day of

19

between

Lessor, whether one or more, whose address is Route 12, Box 291 Jasper, Alabama 35501  
and Amoco Production Company, Box 50879, New Orleans, La. 70150, Lessee.

WICHITA FALLS, TEXAS

Lessor in consideration of ---Fifty and no/100---

Dollars  
50.00

\$50.00 in hand paid, of the royalties herein provided, and of the agreement of Lessor 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:

PARCEL 2 - 7.08 Acres - Begin at the N.W. Corner of the SE1/4 of the NE1/4 of section 2, T-20-S, R-2-W and run Easterly along the north side of the said quarter-quarter for 289.19 ft., then turn an angle of 35 deg. 59 min. 37 sec. to the right and run Southeasterly for 661.01 ft., then turn an angle of 50 deg. 58 min. 22 sec to the right and run Southerly for 570.40 ft., to a point on the Northwest right of way of Shelby County Road on No 11, then turn an angle of 29 Deg. 27 min. 20 sec to the right and run Southwesterly along the said R.O.W. for 30.51 ft., then turn an angle of 150 deg. 32 min. 40 sec. to the right and run Northerly for 472.95 ft. then turn an angle of 83 deg. 46 min. 11 sec to the left and run Northwesterly for 529.60 ft., then turn an angle of 7 deg. 16 min. 07 sec. to the left and run Westerly for 262.90 ft. to a point on the West side of the NE1/4 of said section 2, then turn an angle of 91 deg. 14 min. 51 sec. to the right and run Northerly along the said quarter-quarter line for 497.79 ft. back to the point of beginning.

It is understood and agreed that this lease covers only oil, gas, gaseous derivatives and other gaseous and liquid hydrocarbons and sulphur, but does not cover coal, iron ore, or other hard rock minerals.

BOOK

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 purpose 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 .7.08 acres.

whether there be more or less, and in the event of a partial assignment of surrenders hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres stated in such assignment or surrenders.

2. Subject to the other provisions herein contained, this lease shall be for a term of ~~XX~~ 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 Lessor 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 such interest to bear its proportion of any expense of treating unmarketable oil to render it marketable as crude oil, gas, gasoline, etc., of the market value at the well or gathering point, less one-eighth (1/8) of the market value of the oil, gas and gasoline, etc., components thereof used in lease or unit operations; and (b) on all other minerals mined and marketed, one-tenth (1/10) either in kind or value at the well or mine, at Lessor's election, except that if sulphur substitutes 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 annual payments hereon sometimes referred to as shut-in gas payments as hereinafter provided in paragraph 6. Should such condition occur or exist at the end of or after the primary term, or within sixty (60) days prior to the expiration thereof, Lessor'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 period and when from said land, except water from Lessor's wells for all operations hereunder, and royalties on oil, gas and gasoline shall be computed after deducting any so used.

4. Lessor 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, leases or leases in the immediate vicinity thereto, when Lessor 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 or oil and gas and that may be produced from said acreage. Lessor shall execute or cause to be executed an instrument acknowledging 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 leased tract, 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 the 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 no 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. All 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 The First National Bank of Jasper P.O. Box 31, 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

---Seven and 8/100---

Jasper, Alabama

7.08 Dollars

Payments or tenders, normally the commencement of drilling operations may be further deferred for successive periods of twelve (12) months. In like manner and upon like terms as made by the check or draft of Lessor 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 recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for the period. Lessee may at any time or times execute and deliver to Lessor or to the depository above named or place of record a release or releases covering any portion or portions of the above described premises the acreage covered hereby is reduced by said release or releases.

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 therein, or if after discovery of oil, gas or other mineral, the production requires the payment of rental or commences operations for drilling or reworking operations within 60 days thereafter or if it be within the primary term, or commences or ceases operation 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, Lessor should drill a dry hole therein 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 end of the primary term, or during the sixtieth (60) days prior to the end of the primary term, the lease shall remain in force so long as operations are prosecuted without cessation of more than sixty (60) consecutive days, and if they result in the discovery 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. In the event a well or wells producing oil or gas or other mineral is drilled on or near the surface of said land, Lessee may withhold payment of the above rental until such time as such production ceases or is discontinued.

7. In case the right to any acreage, or after the expiration of this lease to renew all property, and certain places by Lessor on said land, including the right to draw and remove oil, gas, etc., when required by Lessor, Lessee will bury all pipelines 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. Lessor shall be responsible for all damage caused by Lessor's operations.

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, Lessor, shall be accomplished by registered U.S. mail at Lessor's principal place of business with a certified copy of recordable instrument or instruments evidencing same. In the event of an assignment to a lessee hereunder, Lessor may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessor 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 Lessor is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased, and that all debts of the estate named herein, or, at Lessor'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 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 apportionable as between the several household owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other household owners agent to receive payment.

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