This instrument prepared by Robin McKenzile, Route #2

Producers 88 (SP 5-79) — With Pauling Provision

Chilekasha, Oklahoma 73018

Mississippi, Alabama, Florida

Hederman Brothers—Jackson, Mississippi

OIL, GASAND MINERAL LEASE

THIS AGREEMENT made this	4t.h	5 5 (day of	July	19 79	between
Boringuen Farm, I	nc., a comporation	on	•			
lessor(whetheroneormore), whose address is:						
1. Lessor, in consideration of ten of which is hereby acknowledged, and of the cover purposes and with the exclusive right of exploring those mentioned), together with the right to make and bridges, dig canals, build tanks, power station exploring, drilling for producing, treating, storic	and more:	ereinafter contained g for, producing and es, establish and util employee houses an	does hereby owning oil, go ize facilities for dother struct	grant, lease and lease and leases, sulphur and a prince or subsuures on said land.	unto lessue the land could other minerals (whether face disposal of salt wanted	Dollars, receipt vered hereby for the ter or not similar to ter, construct roads
hereby, herein called "said land", is located in the See Exhibit "A" attached were fully set out herein	County of Shelb hereto and inco	У,	State of	Alabama	, and is de	escribed as follows:
Notwithstanding any proviously oil, gas, gas derivated and does not cover coal,	ations, helium,	liquid and	associ	ated hydr	ocarbons, and runder said	d. sulphur
	~	97909140001191 helby Cnty Jud	ae of Prob	ate.HL		

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus, delay rental or

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil pro-

- duced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay Lessor on gas. including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises for the extraction of gasoline or other product therefrom, oneeighth of the market value computed at the mouth of the well of the gas so sold or used; provided that on gas sold by Lessee the market value shall not exceed the cash proceeds I received by the Lessee for such gas computed at the mouth of the well, and on gas sold at the well the royalty shall be one-eighth of the cash proceeds realized by Lessee from such sale. (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth 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 one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing gas or any other mineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced If from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the Iprimary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of annual delay rental provided for in this lease. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which sewould be paid under this lease if the wells were producing, and may be deposited in a depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease and in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of athis lease, severally as to acreage owned by each. If the price of any mineral or substance upon which royalty is payable hereunder is regulated by any law or governmental agency. the market value or market price of such mineral or substance for the purpose of computing royalty hereunder shall not be in excess of the price which Lessee may receive and retam.
 - 4. Lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 80 surface acres plus 10% acreage tolerance; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are prescribed or permitted under any governmental rule or order for the drilling or operation of a well at a regular location, or for the obtaining of a maximum allowable, from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size prescribed or permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee from time to time, and whether before or after production has been established either on said land or on the portion of said land included in the unit or on other land unitized therewith and any such unit may include any well to be drilled, being drilled or already completed. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be land or mineral, royalty or leasehold interests in land within the unit which are not pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of such unit shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. A unit may be so established, modified or dissolved during the life of this lease.
 - 5. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor's credit in the

Merchant's and Planters

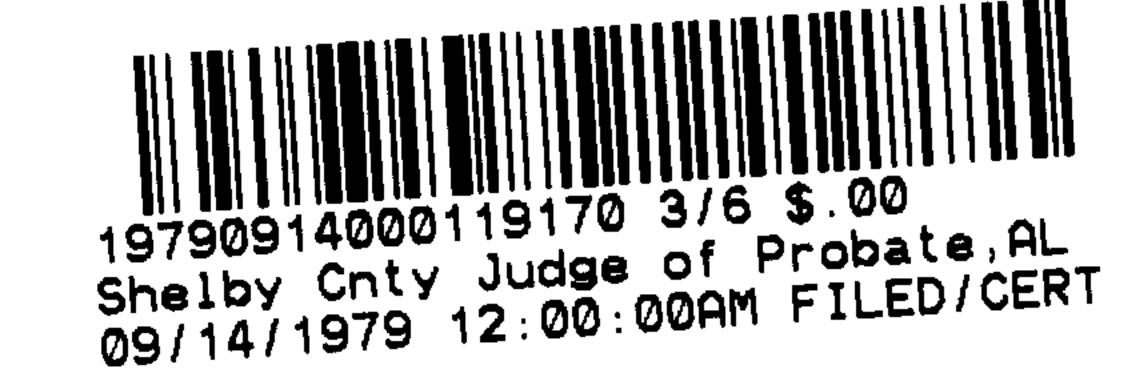
Bank at Montevallo, Alabama 35115

or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of

- 6. If at any time or times during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate on its anniversary date next following the ninetieth day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental; provided, however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

1100

office.



Section 21, Township 22 South, Range 3 Nest, 22.50 Acres

Northeast Quarter of Southwest Quarter (NE/4 SW and:

West Half of Southwest Quarter (W/2 SN/4) and S/2 SN/4 NN/4, Less and except 7 tracts described as:

Tract #1- A 1.5 acre, more or less, tract as shown of record in Deed Book 279, Page 599, in the office of the Judge of Probate of Shelby County, Alabama.

Tract #2- A 1.5 acre, more or less, tract as shown of record in Deed Book 280, Page 499 in the office of the Judge of Probate of Shelby County, Alabama.

Tract #3- A 2.05 acre, more or less, tract as shown of record in Deed Book 286, Page 670, in the office of the Judge of Probate of Shelby County, Alabama.

Tract #4- A 10.1 acre, more or less, tract as shown of record in Deed Book 288, Page 739 in the office of the Judge of Probate of Shelby County, Alabama.

Tract #5- A 2.05 acre, more or less, tract as shown of record in Deed Book 290, Page 90, in the office of the judge of Probate of Shelby County, Alabama.

Tract #6- A .913 acre, more or less, tract as shown of record in Deed Book 313, Page 230, in the office of the Judge of Probate of Shelby County, Alabama.

Tract #7- A 1 acre, more or less, tract as shown of record in Deed Book 284, Page 236, in the office of the Judge of Probate of Shelby County, Alabama.

Southeast Quarter of Northeast Quarter (SE/4 NE Less and except 5 tracts described as:

Tract #1- A 1.5 acre, more or less, tract as shown of record in Deed Book 280, Page 499 in the office of the Judge of Probate of Shelby County, Alabama.

Tract #2- A 3 acre, more or less, tract as shown of record in Deed Book 290, Page 597, in the office of the Judge of Probate of Shelby County, Alabama.

Tract #3- A 2 acre, more or less, tract as shown of record in Deed Book 233, Page 311, in the office of the Judge of Probate of Shelby County, Alabama.

Tract #4- A 1 acre, more or less, tract as shown of record in Deed Book 204, Page 806, in the office of the Judge of Probate of Shelby County, Alabama.

Tract #4- A 10 acre, more or less, tract as shown of record in Deed Book 232, Page 466, in the office of the Judge of Probate of Shelby County, Alabama.

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William B. Surface, President

June C. Surface, Secretary

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RATIFICATION AND RENTAL DIVISION ORDER

KNOW	ALL	MEN	BY	THESE	PRESENTS:

That,	WHEREAS, th	at certain o	il and gas leas	se, dated	July 4	, 1979, from
	Borinquen	Farm, Inc.,	a corporation		رو در داد داد در داد در داد در	, as Lessors,
to Atlantic	Richfield	Company, as	Lessee, recorde	ed in Book	, Page	of
the	Re	cords of	Shelby	County,	Alabama	is owned by
Borinquen	Farm, Inc.	, a comporat	ion	inso	far as it cover	es the following
described 1	and in	Shelby	County,	Alabama	to-wit:	-
		hed hereto a rein verbati	and incorporated	l herein by re	ference as if t	he same
				1979091400011917 Shelby Cott	0 4/6 \$.00	

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00) and other good and valuable considerations, we the undersigned, and each of us, do hereby ratify, approve, confirm, and adopt the above described oil and gas lease insofar as it covers the above described land, and do hereby lease, demise, and let the land above described unto the said Atlantic Richfield Company subject to and under all of the terms and provisions of said lease, and, as to the above described land, do hereby agree and declare that said lease is now in full force and effect; that payment has been duly made of the entire bonus consideration and all of the delay rentals necessary to extend said lease to the next rental paying date; and that future delay rentals thereunder may be divided among and paid or tendered, as provided in said lease, to the persons named below in the amounts set opposite each name, either directly or to the depository bank as indicated, or to the depository named in the lease.

Shelby Cnty Judge of Probate, AL 09/14/1979 12:00:00AM FILED/CERT

Credit To	Fractional Interest	Amount	Depository		
Borinquen Farm, Inc. P.O. Box 74 Montevallo, Alabama 35115	1	\$143.38	Merchant's and Planters Bank Montevallo, Alabama 3511		
- ·			interact of each of the		

This instrument shall be fully binding upon, and effective as to interest of, each of the above named persons who execute the same without regard to execution or lack of execution by any other person whomsoever.

We, and each of us, hereby release and waive all rights of dower and homestead in the above identified land, and the provisions hereof shall be binding upon the heirs, legal representatives, successors and assigns of each of us.

WITNESS our hands and seals this	4th	day of	July	, 1979.
Jime C, Surface		Maria	Manie	
Jyme C. Surface	•	William B. St	irface	
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ATTEST: Fund Contace		Boringuen Far	cm. Inc.	
Secretary	•••	mr. intici.		
RETURN ADOC OU AND CO	_	Presider	1	5
ARCO OIL AND GARCO OIL AND GARCO				

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Section 22, Township 22 South. Range 3 West, 120.88 Acres

19790914000119170 6/6 \$.00 Shelby Cnty Judge of Probate, AL 09/14/1979 12:00:00AM FILED/CERT

Section 21, Township 22 South, Range 3 West, 22.50 Acres

STATE OF ALASTELBY CU.

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JUDGE OF FROBATE

Duel tay 1.50 mineral tay 7.17 Rec. 30,00 Jendry 1.00 Northeast Quarter of Southwest Quarter (NE/4 5N/4 and:

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William B. Surface, President

June C. Surface, Secretary