Bob Abbott This instrument prepared by: Pooling Provision Producers 88 (SP 5-7 Hederman Broth Mississippi, Alabania, Torre OIL, GAS AND MINERAL LEASE

758
day of June THIS AGREEMENT made this ______29th S. W. Smyer Jr. and Astrid M. Smyer, husband and wife 2118 1st Avenue North Birmingham, Alabama 35203 lessor (whether one or more), whose address is: and Atlantic Richfield Company , lessee, WITNESSETH: Ten and more 1. Lessor, in consideration of Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone lines, employee houses and other structures on said land, necessary or useful in lessec's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Shelby, State of Alabama

See EXHIBIT "A" attached hereto and incorporated herein by reference as if the same were fully set out herein verbatim.

_____, and is described as follows:

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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

other payment hereunder, said land shall be deemed to contain 957.45 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus and agrees to accept the delay rental as lump sum considerations for this lease and all rights, and options hereunder.

- 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 . ne to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lesser 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 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 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 primary 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 ininety 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 would be paid under this lease if the wells were producing, and may be depositor, 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 this 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 retain.
 - 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 zovernmental 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 in 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 or to lessor's credit in the First National Bank of Birmingham #00-61500-12 Bank at 17 20th N. Birmingham, Alabama

or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other , which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. It at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to a depository bank on or before the last date of payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under a portion of said land, the delay rental and other payments com-

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 an niversary date next following the ninetieth day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences in 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. allo Ceil + Dan Co.

puted in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to

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such release.

have the right at any time to remain the house or barn now on said to said land, royalties, delay reflimited to, the location and drillingues sors or assigns, no change shall be binding upon the then root lessor's heirs, successors, or a for record and which evidence are record owner to establish the variender such royalties, delay rental to any part (whether divided in 9. In the event lessor consispecifically in what respects lesson part of the breaches alleged by brought until the lapse of sixty (alleged breaches shall be deeme lessee under the provisions of the such cause except after final judischarging its obligations as to (1) sufficient acreage around to event less than forty acres), arules require; and (2) any part of tions on the acreage so retained 10. Lessor hereby warrant primarily with any mortgages, the lessor, either before or after mat become payable to lessor and/o in said land which lessee or any this lease covers a less interest inherein specified or not), or not shall be paid only in the propor by this lease (whether or not o whether it is executed by all the 11. If, at, or after the expit thereof has been unitized, capa	and without the consent of the lessor my party hereto may be assigned from extend to and be binding upon the pattal, or other moneys, or any part their ng of wells and the measurement of proceed owner of this lease until thirty (3) assigns, notice of such change or division, and of such change or division. If a characteristic of each, and default in delay remerests of each and default in delay remerests. Lessee she essor. The service of said notice shall be an admission or presumption that less paragraph that lessee has failed to end decial ascertainment that such failure which lessee has been judicially determed each well as to which there are operated ach well as to which there are operated ach acreage to be designated by lessee of said land included in a pooled unit of the content of the rights of said land included in a pooled unit of the content of the rights of the party contends is outstanding and the oil, gas, sulphur, or other mineranterest therein, then the royalties, delaying the paid out of the producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the of producing oil or gas, and lessee in the oil party the paid out of the primary term hereof, and lessee in the oil party term hereof, and lessee in the party term hereof.	Lessee shall pay for damage time to time in whole or in parties hereto, their heirs, successed, howsoever effected, shall odaction. Notwithstanding and or of the royalties, delay and proceedings, ny such change in ownership of the credit of the decedent in antal payable hereunder shall brental payment by one shall royalties hereafted to the bringing of lessee. Neither the service of seee has failed to perform allowalts and lessee has then been inned to be in default. If this lations to constitute a drilling cas nearly as practicable in the on which there are operations. In dagainst the claims of all par charges on said land, but less of the holder thereof and to deby given the right to acquire and not covered hereby and evals in all or any part of said land in all the all the all part of said land in all the all part of said land in	es caused by its operations to goart and as to any mineral or he sors, assigns, and successive as I increase the obligations or directly other actual or constructive lental, or other moneys, or the transcripts, or other document occurs by reason of the death of depository bank provided for a apportionable as between the fact receipt of said notice within f any action by lessor on said lessid notice nor the doing of any of its obligations hereunder. So alton or covenant hereot, this lesse is cancelled for any cause, or maximum allowable unit undeform of a square centered at the Lessee shall also have such easily though such outstanding into the doing from roy for its own benefit, deeds, leases though such outstanding into the though such outstanding into the whole and undivided the whole and undivided the whole and undivided the said land by reason of (1) any the financial beyond the reasonal here is no well on said land, or the said land by reason of (1) any the financial beyond the reasonal here is no well on said land, or the said land by reason of (1) any the financial hereof the reasonal land the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the financial hereof the reasonal land by reason of (1) any the reasonal land	land in all operations hereunder. I essee shall so well shall be drilled nearer than 200 feet to crowing crops and timber on said land. Onton. All of the covenants, obligations, and signs. No change or division in the ownership minish the rights of lessee, including, but not knowledge or notice thereof of or to lessee, its right to receive the same, howsoever effected, this or its principal place of business by lessor the instruments which have been properly filed to as shall be necessary in the opinion of such of the owner, lessee may, nevertheless pay or above. In the event of assignment of this lease several leasehold owners, ratably according to aschold owners hereunder. Soor shall notify lessee in writing, setting out which to meet or commence to meet all or any case for any cause, and no such action shall be asserted in any notice given to the ase shall not be subject to cancellation for any or prevent cancellation by complying with and it shall nevertheless remain in force and effect or applicable governmental regulations, (but in exell, or in such shape as then existing spacing ements on said land as are necessary to operations on said land as are necessary to operations or claim be invalid or adverse to lessor. If the fee simple estate (whether lessor's interest is this lease covers less than such full interest, inple estate therein. All royalty interest covered each party who executes it without regard to the remaining of such delaying cause, and this gifther removal of such delaying cause, and this
lease may be extended thereafted 12. See EXI IN WITNESS WHEREOF	IBIT "B" attaches, this instrument is executed on the orange of Probate, AL 12:00:00AM FILED/CERT	ed hereto. date first above written. As	M. Smyer Jr. trid M. Smyer	S.S S
I hereby certify, that on duly authorized in the state at Astrid M. to me known to be the ack	this day, before me, a	and wife described in and who med of the contents of the sa	s. W. Smyer executed the foregoing in to the second state of the	strument and that they X
RETURN 10 ARCO OIL AND GAS COMPANY LEAST PURCHASE UNIT P. O. POY 7019 DALLAS, TEXAS 15223 Hederman Brothers—Jackson, Mississippi	This instrument was filed for record on theat day ofo'clockand duly recorded in Book Pagerecord of this office.	Dated		Producers 88 (8/77E) OE—Paid Up With Pooling Provision Mississippi, Alabama, Florida No. Oil, Gas and Mineral Lease FROM

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EXHIBIT "A"

DESCRIPTION OF LANDS



Attached to and made a part of that certain Oil, Gas and Mineral Lease dated <u>June 29, 1979</u>, by and between <u>S.W. Smyer and Astrid M. Smyer</u>, as Lessor, and Atlantic Richfield Company, as Lessee:

TOWNSHIP 18 SOUTH, RANGE 1 EAST

Section 18: W/2 SW/4; SE/4 SW/4; SW/4 SE/4; less and except the following parcels more particularly described as follows:

- (1) All that part of the NW/4 SW/4 of Section 18-18S-1E lying North of the Columbiana-Ashville Road, containing 10 acres, more or less.
- (2) All that part of the W/2 SW/4 South of Highway 41 sold to Hollybrook Lake Corporation as described in Deed Book 222, Page 171 in the Probate Office of Shelby County, Alabama.
- (3) All that part of the W/2 SW/4 of Section 18-185-1E sold to the Fish Land Company, a corporation, as described in Deed Book 222, Page 173 in the Probate Office of Shelby County, Alabama.
- (4) All that part of the W/2 SW/4 and the SE/4 SW/4 of Section 18-18S-1E sold to Sidney Smyer III as described in a Deed recorded in Deed Book 296, Page 853 in the Probate Office of Shelby County, Alabama, containing 60 acres, more or less.
- (5) All that part of the SW/4 of Section 18-185-1E conveyed to Ingrid L. Smyer as described in a Deed recorded in Deed Book 285, Page 722 in the Probate Office of Shelby County, Alabama.

Section 19: All of Section Northwest of the Crest of Double Oak Mountain, less and except those parcels more particularly described as follows:

- (1) All that part of Section 19-18S-IE conveyed to Ingrid Frances Smyer as described in Deed Book 296, Page 854 in the Probate Office of Shelby County, Alabama, containing 110 acres, more or less.
- (2) All that part of Section 19-18S-IE conveyed to Harold Lassen Smyer as described in Deed Book 301, Page 881 in the Probate Office of Shelby County, Alabama, containing 90 acres, more or less.

cont.



EXHIBIT "A"

cont.

- (3) All that part of Section 19-18S-IE conveyed to Hollybrook Lake Corporation as described in Deed Book 222, Page 171 in the Probate Office of Shelby County, Alabama.
- (4) All that part of Section 19-185-1E conveyed to Fish Land Company, a corporation, as described in Deed Book 222, Page 173 in the Probate Office of Shelby County, Alabama.
- Section 30: All that part of the NW/4 lying Northwest of the Crest of Double Oak Mountain, containing 35 acres, more or less.

TOWNSHIP 18 SOUTH, RANGE 1 WEST

Section 23: A tract in Section 23-18S-1W more particularly described as commencing at the Southeast corner of said Section thence in a Northerly direction along the East line of said Section 538.13 feet to the point of beginning, continue in a Northerly direction along the East line of said Section 1,899.52 feet to the Southeast right of way line of Dunnavant Valley Road thence 135 degrees 54 feet 2 inches left, 787.29 feet along said right of way to the beginning of curve to the left; said curve having a central angle of 7 degrees 48 feet 17 inches and a radius of 11,419.16 feet; thence continue Southwesterly along said curve a distance of 1,555.49 feet to a point; thence 130 degrees 18 feet left from tangent to the curve 1,142.93 feet; thence 26 degrees 30 feet 0 inches right 553.52 feet to the point of beginning and containing 32.45 acres, more or less.

Section 24: All of Section, less and except those parcels more particularly described as follows:

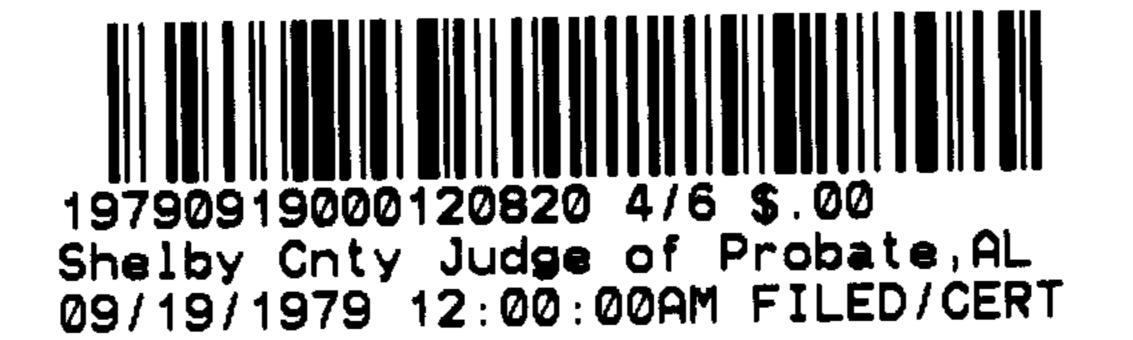
- (1) All that part of the N/2 of Section 24-18S-1W conveyed to Ingrid L. Smyer as described in Deed Book 285, Page 722 in the Probate Office of Shelby County, Alabama.
- (2) All that part of Section 24-18S-1W conveyed to Hollybrook Lake Corporation as described in Deed Book 222, Page 171 in the Probate Office of Shelby County, Alabama.
- (3) All that part of Section 24-18S-1W conveyed to Fish Land Company, a corporation, as described in Deed Book 222, Page 173 in the Probate Office of Shelby County, Alabama.

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- (4) All that part of Section 24-18S-1W conveyed to the Mountain View Lake Company, a corporation, as described on deeds recorded in Deed Book 172 at Page 235, Deed Book 180 at Page 236, Deed Book 180 at Page 486 and Deed Book 175 at Page 392, all in the Probate Office of Shelby County, Alabama.
- (5) All that part of Section 24-185-1W conveyed to Shelby Lake Corporation as described in Deed Book 172 at Page 234 in the Probate Office of Shelby County, Alabama.
- (6) All that part of the S/2 of Section 24-185-1W conveyed to Big Pine Fishing Club, a corporation, as described in Deed Book 225 at Page 560 in the Probate Office of Shelby County, Alabama
- (7) All that part of Section 24-185-1W conveyed to Thompson Realty Company as described in Deed Book 298 at Page 748 in the Probate Office of Shelby County, Alabama, containing 4.45 acres, more or less.
- Section 25: All of the North Half (N/2) of Section 25-18S-1W lying Northwest of Crest of Double Oak Mountain, less and except those parcels more particularly described as follows:
 - (1) All that part of the West Half (W/2) of Section 25-18S-1W conveyed to Thompson Realty Company as described in Deed Book 298 at Page 748 in the Probate Office of Shelby County, Alabama, containing 28 acres, more or less.
 - (2) All that part of the North Half (N/2) of Section 25-18S-lW conveyed to the Big Pine Fishing Club, a corporation, as described in Deed Book 225 at Page 560 in the Probate Office of Shelby County, Alabama.

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SIGNED FOR IDENTIFICATION

Held Mayer

EXHIBIT "B"

Attached to and made a part of that certain Oil, Gas and Mineral Lease dated June 29, 1979, by and between S. W. Smyer and Astrid M. Smyer, husband and wife as Lessors, and Atlantic Richfield Company, as Lessee:

- 12. Notwithstanding any provisions herein contained to the contrary, this lease shall cover only oil, gas, gas derivations, helium, liquid and associated hydrocarbons and sulphur and does not cover coal, iron ore, or any other mineral in, on, or under said lands.
- 13. Notwithstanding any provisions herein contained to the contrary, Lessee agrees not to drill within 1000 feet of any houses, barns, or dwellings contained upon Lessor's land.

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