

This instrument prepared by: Bob Abbott

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Mississippi, Alabama, Florida

6730 N. W. 16th St.
Oklahoma City, Okla. 73127

Heckman Brothers - Jackson, Miss

AHA-102

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 10th day of August 19 79
Anthony L. Cicio and Bonnie Cicio, husband and wife;
Paul C. Bello and Irene Bello, husband and wife

lessor (whether one or more), whose address is: 3128 North Woodridge Road Birmingham, Alabama 352
and ATLANTIC RICHFIELD COMPANY, lessee, WITNESS

1. Lessor, in consideration of Ten and more (Upon Clearance of draft) Dollars, 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 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 and bridges, dig canals, build tanks, power stations, power lines, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations 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, and is described as follows:

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

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.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to the land described above, whether actually containing more or less, and the above recital of acreage in the 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, claims 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 line 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 lessor the market price of such one-eighth part of such oil at the wells as of the date of production; (b) To pay lessor the market price of such one-eighth part of such oil at the wells as of the date of production; (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 a 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 line, 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 such 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 would 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 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 obtain.

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 oil 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, 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, although 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 reversion interest 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 a 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 Mail direct to Lessors at address above XXX

or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$40.00, which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In the manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If 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 ownership 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. A 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 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 computed 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 such release.

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 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 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 of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in connection with 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.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, delay rental, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the rights of other leasehold owners hereunder.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any such cause except after final judicial ascertainment that such failure exists and lessee has then been afforded a reasonable time to prevent cancellation by complying with and discharging its obligations as to which lessee has been judicially determined to be in default. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties, delay rental, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term and the delay rental provisions hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. Lessee agrees to pay for all damages to property caused by their operations.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Anthony L. Cicio
Anthony L. Cicio S.S. [redacted]
Bonnie Cicio
Bonnie Cicio S.S. [redacted]
Paul C. Bello 418 22 7554
Paul C. Bello
Irene Bello
Irene Bello [redacted]

ALCO
BC
PCB
IB

JOINT OR SINGLE ACKNOWLEDGEMENT
(MISSISSIPPI-ALABAMA-FLORIDA)

STATE OF Alabama
COUNTY OF Jefferson

I hereby certify, that on this day, before me, a Notary Public

duly authorized in the state and county aforesaid to take acknowledgments, personally appeared Anthony L. Cicio and Bonnie Cicio, husband and wife; Paul C. Bello and Irene Bello, husband and wife

to me known to be the persons who are described in and who executed the foregoing instrument and they have acknowledged before me that, being informed of the contents of the same, they voluntarily signed and delivered the within and foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal, this 29 day of AUGUST, A. D., 19 79

(Affix Seal)
PUBLIC
12-28-82
My commission expires

Rodney E. Nola
STATE OF ALABAMA (Title of Official)
County, Jefferson
in and for

Producers 88 (8/77) OE—Paid Up
With Pooling Provision
Mississippi, Alabama, Florida

No. _____

Oil, Gas and Mineral Lease

FROM _____ TO _____

No. Acres _____ County, _____

Dated _____ 19 _____

Term _____

This instrument was filed for record on the _____ day of _____ 19 _____ at _____ o'clock _____ and duly recorded in _____ Book _____ Page _____ of the _____ record of this office.

By _____ County Clerk _____

RETURN TO when recorded return to
ARCO OIL AND GAS COMPANY
LEASE PURCHASE UNIT
P.O. BOX 2819 DALLAS, TEXAS 75221

Hederman Brothers—Jackson, Miss

EXHIBIT "A"

(CONTINUED FROM PAGE ONE, LEGAL DESCRIPTION AS FOLLOWS:

Part of the NW 1/4 of the SW 1/4 of Section 22, Township 18 South, Range 1 East, more particularly described as follows: Beginning at the NE corner of said forty; run thence West along the forty line a distance of 990 feet; thence South parallel with the East line of said forty a distance of 990 feet; thence East parallel with the North line of said forty 660 feet; thence South parallel with East line of said forty 330 feet, more or less to the South line of said forty; thence East 330 feet to the SE corner of said forty; thence North along the East line of said forty to the NE corner thereof, and the point of beginning. Situated in Shelby County, Alabama.

ALSO:

A part of the NW 1/4 of SW 1/4 of Section 22, Township 18 South, Range 1 East, described as follows: Begin at the NW corner of said 1/4-1/4 Section and run South a distance of 1320 feet to the SW corner of said 1/4-1/4 Section; thence run East for a distance of 990 feet; thence turn North and run a distance of 330 feet; thence turn West and run a distance of 660 feet; thence turn North and run a distance of 990 feet to the North line of said 1/4-1/4 Section; thence turn West and run for a distance of 330 feet to the NW corner of said 1/4-1/4 Section which is point of beginning. Situated in Shelby County, Alabama.

19800114000005630 Pg 3/3 .00
Shelby Cnty Judge of Probate, AL
01/14/1980 00:00:00 FILED/CERTIFIED

STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED

1980 JAN 14 PM 2:13

Thomas A. Shoultz, Jr.
JUDGE OF PROBATE

Deed .50
Mineral 2.00
Rec. 15.00
Index 1.00

18.50

SIGNED FOR IDENTIFICATION

Paul C. Belk
Shirley Bell
Arthur Bell
Bennie Cicis

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