manner hereis, provided for tental 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 pocked 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 Vincent

First Lank of Childersburg of said land or the rentals) the sum of _______ Two Hundred, Sixty- Six & No/100

(s.266,00 ———), (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 the 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. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a 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 and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and there-

after the rentals payable hereunder shall be reduced in the proportion that 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 thereon, or if after discovery of cil. gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within 60 days thereafter or if it be within the primary term, commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of 60 days from date of completion of dry hole or ressation 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, it or other mineral on said land, or on acreage pooled therewith. Lessee should drill a dry hole thereon, 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 expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within sixty (60) days prior to the end of the primary term, the lease shall remain in force so long as operations are presecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil, gas or other mineral, so long thereafter as (il, gas or other mineral is produced from said land or acreage pooled therewith. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within one hundred fifty (150) feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

7. Lessee thall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines 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. Lessee shall be responsible for all damages caused by Lessee's operations hereunder other than damages necessarily caused by the exercise of the rights herein granted.

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, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U.S. mail at Lesseu's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to rentals bereunder, Lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualifications of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased, and that all debts of the estate have been paid. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein: or, at Lessee'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 or tender to any participant of his portion of the rentals 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 leavehold owners ratably according to the surface area of each, and default in tental payment by one shall not affect the rights of other leasehold owners hereunder. If six or more parties become entitled to revalty hereunder. Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

9. The breach by have of any obligation harmoder shall not not. a latesture or termination of this lease not be cause for cancellation between in whole or in part save as herein expressly provided. If the obligation should require the drilling of a well or wells, Lessee shall have ninety (90) days after the receipt of written notices 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 be termination of this lease save as to forty 140. Lottes for each well being worked on or producing oil or gas, to be selected by Lessee so that each i. at (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 and agrees 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 event of fallare of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately. Failure of Lessee to reduce rental paid hereunder shall not impair the right of Lessee to reduce royalues. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. 11. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by optation of force majeure, or any Federal or state law or any order, sule or regulation of governmental authority, then while so prevented, Lessee's obligation to coursely with such covenant shall be adspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and an age as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premisely; 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. In WITNESS WHEREOF, this instrument is signed, sealed and delivered on the date first above written WITNESS Vestula V. Thompson J. J. # (SEAL) (SEAL) Sherry K. Thompson John H. Thompson (SEAL) (SEAL) (SEAL) Penny Blizabeth Gallups (SEAL) Lessor. ALABAMA STATE OF. SHELBY COUNTY OF. a Notary Public in and for said County, in said State, hereby certify that Vestula V. Thompson, widow: John H. Thompson, III, and wife, Sherry K. Thompson: Penny Elizabeth Gallups, and husband, Randy Gallups .Whose name ... signed to the foregoing instrument, and are voluntarily on the day) the same bears date. PACE Given procer, my hand and Official Seal, this 50 day of Notary Public in and for AT.APAMA NY COMMISSION EXPIRES: /2-3-83 X00 WIFE'S SEPARATE ACKNOWLEDGMENT 11225 Tail - 350 STATE OF. COUNTY OF. a Notary Public in and for said County, in said State, do hereby certify that came before me the within named laco <u>Jun</u> 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 -- The same was a factor of the same of th of her husband. Given under my hand and Official Seal, this______ day of ______, A. D. 19_____, Notary Public in and for 198006050000061360 2/2 \$.00 County, Shelby Cnty Judge of Probate, AL 06/05/1980 12:00:00 AM FILED/CERT (Official