| Alabama Th           | is instrument  | prepared by:   | Steve T | . Gamm.   | 925   | Parish | Drive. | Tupelo.   | MS. | 38801.   |
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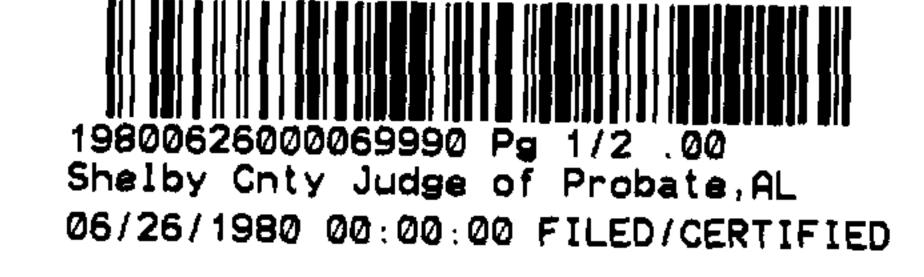
THIS ACREEMENT made this ...

| Charles Gates and wife, Shirley Gates   |
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|   |
| Lessor (whether one or more) whose address is E.O. Box 170, Vincent, Ala. 35178   |
| and Amoca Production Company, P.O. Box 50879, New Orleans, La. 70150  |
| 1. Lessor in consideration of Ten and More Dollar   |
| (\$ 10.00 and more.), in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants leases and let exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other makerals, 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. |
| Shelhu  |

## Township 19 South, Range 2 East

Section 13: Begin in the SE corner of said Section, thence proceed North 650 ft. to P.O.B., continue said course 930 ft., thence West 1360 ft., South 240 ft., West 640 ft., South 330 ft., West 650 ft., South 600 ft., East 1300 ft., North 160 ft., East 330 ft. North 670 ft., East 330 ft., South 670 ft., East 660 ft. to P.O.B.

June



It is agreed and understood by and between the parties hereto that this lease does not cover nor include coal, iron ore, or other minerals mined by the open pit or shaft method:

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 purposes and consideration berein 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 grants or grants, or in adjacent sections or grants, although not included within the boundaries of the land particularly described above. For the purpose of determining

2. Subject to the other provisions herein contained, this lease shall be for a term of ten 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 Lessee 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 wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase, in either case such interest to bear its proportion of any expense of treating unmerchantable oil to render it merchantable as crude; (b) on gas, one-eighth (1/8) of the market value at the well of the gas used by Lessee in operations not connected with the land leased or any pooled unit containing all or a part of said land; the royalty on gas sold by Lessee to be one-eighth (1/3) of the amount realized at the well from such sales; (c) one-eighth (1/8) of the market value at the mouth of the well of gas used by Lessee in manufacturing kusoline or other hy-products; except that in computing such value, there shall be excluded all gas or components thereof used in lease or unit openitious; and (d) on all other minerals mined and marketed, one-tenth (1/10) either in kind or value at the well or mine, at Lessee's election, except that on sulphar mined and marketed, the royalty shall be fifty cents (50c) per long ton. In the event that any well on the land or on property pooled therewith (or with any part thereof) is capable of producing oil or gas or gaseous substances 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 rental payments (herein sometimes referred to as shut in gas payments) as hereinafter provided in paragraph 6. Should such conditions occur or exist at the end of or after the primary term, or within sixty (60) days prior to the expiration thereof, Lessee's rights may be extended beyond and after the primary term by the commencement, resumption or continuance of such payments at the cute and in the manner herein provided for rental payments during the primary term, and for the purpose of computing and making such payments the expectation 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, XXXXXXXX and water from said land, except water from Lessor's wells, for all operations hereunder, and royalty on oil, gas and towards that 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 before 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 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 Lesson in the control of Lesson in the credit of Lesson in the control of Lesson in the credit of Lesson in the control of Le

m. First National

(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 Forty Four and No/100

(\$ 44.00 \_\_\_\_\_\_\_), (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 suc

(\$ 44.200 ), (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. It such bank (or any successor bank) should fail, liquidate or be succeeded by an other 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 untit 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 luies thereon, or i after discovery of oil, 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 cessation 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, 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 is shall have completed a dry hole thereon within sixty (60) consequitive days, and if they result in the production of oil, gas or other mineral, so long therefore as oil, 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 he brought in on adjacent land and within one hundred fifty (150) feet of and draining the lessed premises, or acreage pooled therewith, Laurese agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar eigenmatances.

7. Lessee shall 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 reaponable for all damages recessarily caused by the exercise of the rights becall granted.

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, and cessors and assigns; but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminist the rights of Lessee; and no change or division in such ownership shall be hinding on Lessee until thirty (30) days after Lessee shall have been to nighed be registered U. S. mail at Lessee'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 fease or of a postion there of who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lesseo may pay or tender such centals 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 of 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, an that all debts of the estate have been paid. It at any time two or more persons be entitled to participate in the rental payable bereunder, 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 separate credit in said deprisitory; and payment or tendered to him separate credit in said deprisitory; and payment or tendered to an 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 point tion of said land, the rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each and default in rental payment by one shall not affect the rights of other leasehold owners bereunder. If six or more parties become entitled to myalty here under. Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to re ceive parment for all.

| or in preceipt well or producir producir in paying the requirementals is agreed covered thereon majeure covered thereon that the In WITNE | Lessor hereby on said land, eit and royalties are detected that if Lessor proportionately. In this leave (w. Should Lessoe or from producing ar any federal it shall be susper it prevented by the Lessoe is so the undersigned described, in so a somula drilling WITNESS WILE SS: | in expressly hy Lessee hy Lessee hy penalty is be selected said premiser than one warrants and there in who craing here of the preventing oil or good or state lay such can be prevented shown any such can be prevented shown the | provided. If from Lessor sportailure so to by Lessee so to de le or in part, under toward interest in sai of Lessee to ot owned by lessee to or any order, essee shall no unse from compating from compating from contrait payment instrument is | the oblighed ifically is a do shall that each it reasonably (40) a efend the and in constituting dring with a syring with the liable incling dring the liable incling dring the his heirs, mestend in signed, sea a | tation should aline the paid of scarcity equiation of scarcity equiation of in dimaged in dimaged in dimaged in dimaged and control of the paid of the paid of scarcity equiation of in dimaged in dimaged in dimaged and control of the paid of the p | the requirementation of the area recording to the continuation of | the driftleged by of this lead agrees retained here and agrees so, it shall a royalty here ability to neutal authorizations in this lead and the date on the date | Lessor vise save save shrace of lessor white that Lessor where the substant of lessor estate, not impare on or free to the hy surrepurpose fill fully first ab Shirl | well or ithin was to he such and cap see at hen the right of the right of the rewith; rom protect ove writted ove with protect over the protec | hich to forty (4 wells, hich to such the royal able of such the royal ase, from the role and this during notwith and release this less t | Lessee hegin (0) acre filer the lischargin product on may h lien r the w lties an Lessee m cond pment vented. I lease oil or standing ases all lease ase as t  9990 P udge o | shall have perations for ear discovering this or discharge with right arranty is reduced to reduce the full be to the full so | ve ninety for the ch well v of oil, bligation as or oth te any ta to enfo n event to be royalites rilling or ial, or hy obligation extended the lease of homest as recited linterests | drilling being we gas or of it shall er miner of failure sam of failure and Les operate to compare | avs filte of any orked of orked or other m in no all in r age or e and e of the sor sha yalty ir og oper ion of oly with d so lo ses; an the pro and unders  (S   | er the such on or ineral event paying other apply tie, it all be nterest rations force is such ong as ad the emises agrees |
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| Producers 88 Rev.   | oil, Cas and Mineral Lease  | FROM   | 1.0  |   |  | ated.   | . County, Alabama   |  | This instrument was filed for record on the  |  | -  | Public in   | and for   | Dy  | When recorded return to   | county   |