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Albert M. Muncy, a widower of Elfie E. Muncy, deceased

lessor (whether one or more), whose address is: Route 1 Box 120, Wilsonville, Alabama 35186 and Murff F. Bledsoe, III, 8989 Westheimer, Suite 307, Houston, Timesserm:

of which is hereby acknowledged, and of the covenants and agreements of lessee becomafter contained, does bereby 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 ar not add at to those meatimed), together with the right to make surveys on said land, lay pipe hars, establish and utilize or dittes for surface or substricted disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone land, good yee houses and other structures on said land, necessary or useful in lessee'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 Alahama 

## TOWNSHIP 20S, RANGE 1E

SE/4, SW/4, EXC NW/4 of SW/4 SE/4 of NE/4 LYING S YELLOW LEAF SECTION 08:

CREEK EXC CO RD #55 R/W

SECTION 09: W/2 of SW/4 Less R/W of PUBLIC RD

SECTION 17: NE/4 of NE/4 E of HWY 55 EXC S 150'

19800923000107520 Pg 1/2 .00 Shelby Cnty Judge of Probate, AL 09/23/1980 00:00:00 FILED/CERTIFIED

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 pur-

pose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 397.00 \_\_\_\_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 110) 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 doliver 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, at the option of lessee, to pay lessor the average posted 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 hear a re-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land it) when sold by lessee. one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of kasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (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 indical and analysted 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 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 formula 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 at 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 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 previsions 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 regulties which would be paid under this lease if the wells were producing, and may be deposited in a depositore 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 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.

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 contaming 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. I 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 required, under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining 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 required 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 rovalty, 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 unnerals 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 First National Bank of Columbiana, Alabama 35051

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

s 397.00 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. 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 saine, lessee may, in hen 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 theremoder, 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 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 leave 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, plunging 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,

7. Lessee shall have the use, free from royalty of water, other than from lessor's wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

SS# Albert M. Muncy    19800923000107520 Pg 2/2 .00     Shelby Cnty Judge of Probate, AL     09/23/1980 00:00:00 FILED/CERTIFIED (SEAL)    STATE OF Alabama	STATE OF 1935 ICENTIFY THIS  COUNTY OF 100 SEP 23n and 108  a subscribing witness to the foregoing instrument, known to me, appeared by	pefore me on this day, and being sworn, stated that
evidence usels change or division, and of such court regards and proceedings, transferings, no other documents as shall be neckeasy in the opinion of such second less, per or, include such reading of other morals, or put threads in the regist of the decedent in a deposition, that is not the even of evigenment of this losses at the any part (which of divides) of said lead, the door tents possible hereunder shall be apportionable as the regist of the divides of the leader to the even of evigenment of this losses in the any part (which of divides) of said lead, the door tents possible hereunder shall be apportionable as the control of the control	and were more than the second of the second	WITNESS ACKNOWLEDGMENT (MISSISSIPPI-ALABAMA-FLORIDA)
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evidence such change or division, and of such count records and proceedings, transcripts, or other documents as shell be necessary in the opinion of such record owner to establish the valuity of such change or division. If any such change is ownership occurs by reason of the detail of the owner, leaver man, neverthements and the count of astignment of this leave as to any part (whether divided or undivided) of said larget of each, and default in delay rental payment by one shall not be recorded to the control of the right of the country of the right of the control of the right of the country of the right of the country of the right of	I hereby certify, that on this day, before me, a Notary Pul- duly authorized in the state and county aforesaid to take acknowledgments, pe Albert M. Muncy to me known to be the person	ersonally appeared
evidence such thange or division, and of such court records and proceedings, transferires, or other documents as shall be necessary in the opinion of such record owner to restablish the validity of such change or division. Il any such change to division of the death of the owner, lessee may, nevertheless, pay or tender such royalities, delay rental, or other moneys, or part thereof, to the credit of the decedent in a depository lank provided for above, in the tender of the several leasthood owners, ratably according to the surface area or undivided interests of each, and default in delay rental payment by one shall not affect the sights of other leasthold owners hereunder, but the several leasthold 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. Lessor shall then have after the sixth of the same and a settle state of the second o	state of Alabama	19800923000107520 Pg 2/2 .00 Shelby Cnty Judge of Probate, AL 09/23/1980 00:00:00 FILED/CERTIFIED — (SEAL)  JOINT OR SINGLE ACKNOWLEDGMENT
evidence such change or division, and of such court records and proceedings, transcripts, or other documents at 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 royalites, 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 port (whether divided or midvided) of said land, the delay rental payable horounder shall be apportionable as a hetween careful to the surface area or undivided interests of each, and default in delay rental payment by one shall neffect the relational provided the surface area or undivided interests of each, and default in delay rental payment by one shall neffect the relational provided the surface area or undivided interests of each, and default in delay rental payment by one shall neffect the relational payment by one shall need to commence to meet all or any part of the branches allexed by all its obligations becaused to indice shall be procedered to the bringing of any action by lesser on said lease for any cause, and no cuch action shall be bought until the lapse of staty (60) days after service of such notice on lessee. Neither the service of said notice more the doing of any acts by lessee almed to meet all or any to the allexed by braches shall be deemed an admission or presumption that lessee has failed to perform all of its obligations or occumulate the state of the allexed braches shall be deemed an admission or presumption that lessee has failed to perform all of its obligations or occumulate the control of any such cause except all the state of the provisions of this paragraph that lessee that failed to perform all of its obligations are such as a shall not the allexed braches shall be deceded an admission or presumption that allexed the shall be applicable as the proposition of the p	IN WITNESS WHEREOF, this instrument is executed on the date first  SS #  SS #	Albert M. Muncy
	setting out specifically in what respects lessee has breached this contract. Lesse nect or commence to meet all or any part of the breaches alleged by lessor. The lesser constant leave for any cause, and no such action shall be brought until the service of said notice nor the doing of any acts by lessee aimed to meet all or a lessee has failed to perform all of its obligations bereunder. Should it be asserted lessee has failed to comply with any implied obligation or covenant hereof, this judicial ascertainment that such failure exists and lessee has then been afford its obligations as to which lessee has been judicially determined to be in defau and effect as to (1) sufficient acreage around each well as to which there are governmental regulations, (but in no event less than forty acres), such acreage centered at the well, or in such shape as then existing spacing rules require; and tions. Lessee shall also have such easements on said land as are necessary to only the charged primarily with any nortgages, taxes or other liens, or interestight at any time to pay or reduce same for lessor, either before or after mat amount. To paid from royalties or other payments payable or which may become right to acquire for its own benefit, deeds, leases, or assignments covering an standing and not covered hereby and even though such outstanding interest or gas, suphor, or other minerals in all or any part of said land than the entire a mot), or no interest therein, then the royalties, delay rental, and other more terest, shall be paid only in the proportion which the interest therein, if any, of All royalty interest covered by this lease (whether or not owned by lessor) shall each party who executes it without regard to whether it is executed by all the land or any portion thereof has been unitized, capable of producing oil or gas, a order, rule or regulation, (whether or not subsequently determined to be invalidating ninety (90) or more days following the removal of such delaying cause, a occurred.	of, to the credit of the decedent in a depository bank provided for above. In rided) of said land, the delay rental payable hereunder shall be apportionable as or undivided interests of each, and default in delay rental payment by one shall biligations hereunder, both express and implied, lessor shall notify lessee in writing, we shall then have sixty (60) days after receipt of said notice within which to The service of said notice shall be precedent to the bringing of any action by the lape of sixty (60) days after service of such notice on lessee. Neither the lany of the alleged breaches shall be deemed an admission or presumption that cd in any notice given to the lessee under the provisions of this paragraph that is lease shall not be subject to cancellation for any such cause except after final ded a reasonable time to prevent cancellation by complying with and discharging ult. If this lease is cancelled for any cause, it shall nevertheless remain in force operations to constitute a drilling or maximum allowable unit under applicable e to be designated by lessee as nearly as practicable in the form of a square and (2) any part of said land included in a pooled unit on which there are operatory and the acreage so retained.  1. Set the claims of all persons whomsoever. Lessor's rights and interests hereunder that the claims of all persons whomsoever. Lessor's rights and interests hereunder that the claims of all persons whomsoever, and the holder thereof and to deduct the payable to lessor and/or assigns under this lease. Lessee is hereby given the ny interest or claim in said land which lessee or any other party contends is outchim be invalid or adverse to lessor. If this lease covers a less interest in the oil, and undivided fee simple estate (whether lessor's interest is herein specified or leys accruing from any part as to which this lease covers less than such full incovered by this lease, bear to the whole and land, or on lands with which said and lessee is not conducting operations on said land, or on