

THIS INSTRUMENT PREPARED BY: DON R. WALLS

19800923000107540 Pg 1/2 .00
Shelby Cnty Judge of Probate, AL
09/23/1980 00:00:00 FILED/CERTIFIED

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11th day of January 1980, between
Cates Milk Hauling, Incorporated, a Alabama Corporation, by and
through its duly authorized President, John Lewis Cates and Jacquelyn
H. Cates, Secretary

lessor (whether one or more), whose address is: P.O. Box 1097, Columbiana, Alabama 35051
and Murff F. Bledsoe, III, 8989 Westheimer, Suite 307, Houston, TX. 77063

1. Lessor, in consideration of Ten and No/100 and O.V.C. does hereby grant, lease and let unto Lessee the land
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 install facilities for
surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone lines, and other 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 Alabama and is described as follows:

TOWNSHIP 21S, RANGE 1E

SECTION 18: SW/4-NE/4 of SEC 18 T21S R1E

SW/4 of SW/4 EXC RD R/W Less COMM SW COR SW/4 SW/4 W 312.25
to POB NWly 87.15' Wly 147.12' NEly 227' E 194.67' Sly 209.
SEly 50.74 SWly to POB SEC 18 T21S R1E

COMM INT E R/W SH 25' and S LN NW/4 SW/4 N'ly 550(s) to POB
SE 210' NE 210' NW to E R/W HWY S to POB SEC 18 T21S R1E

NW/4 SW/4 EXC RD R/W Less COM INTER E R/W ST HWY #25 & S/L
NW/4 of SW/4 of SEC 18 NE'ly ALG HWY R/W 550'(S) to POB SE
210' NE 210' NW to HWY R/W SW to POB SEC 18 T21S R1E

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 117.00 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 (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 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 bear one-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 (1) 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 gasoline 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 owned 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
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 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 con-
secutive 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
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 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 there-
under, 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 required, under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining
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 con-
ducted 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
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 at 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
\$ 117.00

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 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
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 re-
leased 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 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 para-
graph 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 fol-
lowing: drilling, testing, completing, reworking, recompleting, deepening, plunging back or repairing of a well in search for or in an endeavor to obtain pro-
duction 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
operations to growing crops and timber on said land.

See Assign. Miss Book 38 page 478 (11-24-80)
See assign. Miss Book 42 pg. 446 (10-29-81)
BOOK 328 PAGE 691

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part to any person, firm, or corporation. 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 payable hereunder shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells on the land. 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 perform all of its obligations hereunder. Should it be asserted in any notice given to the lessee under the provisions of this paragraph 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.

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

FEDERAL TAX #

CATES MILK HAULING, INC. (SEAL)

BY:

John Lewis Cates (SEAL)
JOHN LEWIS CATES, PRESIDENT

ATTEST:
JACQUELYN H. CATES

19800923000107540 Pg 2/2 .00
Shelby Cnty Judge of Probate, AL
09/23/1980 00:00:00 FILED/CERTIFIED

STATE OF ALABAMA)

COUNTY OF SHELBY)

CORPORATE ACKNOWLEDGEMENT

I, *John M. Hartson*, A NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE HEREBY CERTIFY THAT JOHN LEWIS CATES WHOSE NAME AS PRESIDENT OF CATES MILK HAULING, INC., A CORPORATION IS SIGNED TO THE FOREGOING OIL, GAS AND MINERAL LEASE AND WHO IS KNOWN TO ME, ACKNOWLEDGED BEFORE ME ON THIS DAY THAT, BEING INFORMED OF THE CONTENTS OF THE SAID OIL, GAS AND MINERAL LEASE, HE AS SUCH OFFICER AND FULL AUTHORITY EXECUTED THE SAME VOLUNTARILY FOR AND AS THE ACT OF SAID CORPORATION, IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL THIS 11TH DAY OF JANUARY, 1980.

John M. Hartson
NOTARY PUBLIC

MY COMMISSION EXPIRES:
My Commission Expires August 1, 1982

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

1980 SEP 23 AM 8:03

1835

By _____	Book _____	day of _____	Term _____	No. Acres _____	Dated _____	County _____	FROM _____	TO _____	Oil, Gas and Mineral Lease	No. _____	Special Producers 88 (9-70) with Pooling Provision Mississippi-Alabama-Florida
When recorded return to _____	of the _____ record of this city _____	o'clock _____ and duly received at _____	This instrument was filed for record on the _____ day of _____ 19 _____ at _____								

Hedeman Brothers—Jackson, Mississippi