

Producers 88-TACU-63-100 ANACONDA TOWER OIL AND GAS LEASE
DENVER, COLORADO 80202

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Shelby Cnty Judge of Probate, AL
10/15/1980 00:00:00 FILED/CERTIFIED

THIS AGREEMENT, entered into this the 28th day of August

between Owen K. Tidwell and Barbara S. Tidwell, husband and wife,
P.O.Box 1230, Monroe, Georgia 30655

hereinafter called lessor,

and THE ANSCHUTZ CORPORATION, a Kansas corporation, 2400 Anaconda Tower, Denver, Colorado 80202 hereinafter called lessee, does witness:

1. That lessor, for and in consideration of Ten and more Dollars (\$10.00 & more), in hand paid, and of the covenants and agreements hereinafter contained to be performed by lessee, has this day granted and leased and hereby grants, leases and lets unto lessee for the purpose and with the exclusive right to explore and operate for and produce oil and gas, including casinghead gas and casinghead gasoline, condensate and all related hydrocarbons and all products produced therewith; lay pipe lines, build tanks, store oil, build power stations, telephone lines and other structures thereon to produce, save, take care of and manufacture all of such substances; and to store and remove gas in and from any depleted reservoir as provided in paragraph 12 hereof, the following described tract of land situated in County of Shelby, State of Alabama

All that part of the SE $\frac{1}{4}$ of Section 19, Township 20 South, Range 02 East, which lies West of the Yellowleaf-Robinson Public Road; and all that part of the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 30, Township 20 South, Range 02 East, which lies West of the Yellowleaf-Robinson Public Road,

containing 172 acres of land, more or less, and being the same land conveyed to the Lessor by deed dated 4/12/71 and recorded in Book 267 at Page 321 in the Recorder's office of the said County. Also in addition to the above described land any and all strips or parcels of land adjoining or contiguous to the above described land and owned or claimed by lessor.

2. This lease shall remain in force for a primary term of ten (10) years and as long thereafter as oil, gas or any other mineral covered by this lease is produced or this lease is extended by any subsequent provision hereof.

3. (a) Lessee shall deliver to the credit of lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at the lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

(b) Lessee shall pay lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells. Lessor shall have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at lessor's sole risk and expense.

(c) Lessee shall pay to lessor for gas produced from any oil well and used by lessee for the manufacture of gasoline or any other product, as royalty, one-eighth of the market value of such gas at the mouth of the well. If such gas is sold by lessee, then as royalty one-eighth of the proceeds of the sale thereof.

(d) The royalties hereinabove provided shall not be payable on any gas which is stored and withdrawn pursuant to paragraph 12 hereof.

(e) This lease shall continue in full force for so long as there is a well or wells on leased premises capable of producing oil or gas, but in the event all such wells are shut in and not produced for a period of twelve (12) months by reason of the lack of a market at the well or wells, by reason of Federal or State laws, executive orders, rules or regulations (whether or not subsequently determined to be invalid), or for any other reasons beyond the reasonable control of lessee, then on or before the end of such shut-in year, lessee shall pay to lessor an amount equal to the annual delay rental payable hereunder as royalty. Any error or failure to make such payment shall not cause this lease to terminate, but lessee shall remain obligated to pay such sum on demand.

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, lessee shall, on or before one year from this date, pay or tender for the lessor's credit in the National Bank of Walton County Bank at Monroe, Georgia 30655, or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all rental, royalties, and other sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of One Hundred Seventy-Two and No/100-----Dollars (\$172.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check or draft of lessee or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors, and administrators of such person. Any payment or tender which is omitted or is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to extend the time within which operations for drilling may be commenced 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.

5. If, during the primary term hereof, lessee shall drill a dry hole or holes on this land prior to the discovery of oil or gas thereon, this lease shall continue in effect, and lessee may either commence operations for the drilling, deepening, or plugging back of a well within twelve (12) months from the expiration of the last rental period for which rental has been paid, or within said time begin or resume the payment of rentals in the manner and amount hereinabove provided and in this event the preceding paragraph hereof governing the payment of rentals and the manner and effect thereof shall continue in force. For the purposes of this paragraph, the first year of this lease shall be considered a rental period for which rental has been paid.

6. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

7. Lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, lessee shall bury pipe lines below normal plow depth in cultivated areas and shall pay for damage caused by its operations on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof. In the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which said lessee or any assignee hereof shall make due payment of said rentals.

9. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

10. If, at the expiration of the primary term hereof, there is no production of oil or gas on the leased lands, but lessee is engaged in operations for drilling, reworking, plugging back, or deepening a well thereon, this lease shall remain in force and its term shall continue for so long as such operations, or additional drilling, reworking, plugging back, or deepening operations commenced while such operations are in progress, or within thirty days after the cessation thereof, are prosecuted, and, if production results therefrom, then so long as production continues. This lease shall also remain in full force and effect without compliance with the foregoing provisions if lessee has made or makes an election to pay the gas storage rental hereinafter provided.

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See Assign Mue. Book 42 Page 659 (10-24-81) PAGE 223 BOOK 329

11. If within the primary term of this lease production on the leased premises shall cease, this lease shall continue in force, and lessee may commence operations for reworking, deepening, plugging back or drilling of a well, or may in lieu thereof commence or resume the payment of rentals on or before the anniversary date of this lease next following the 120th day after such cessation of production; provided that lessee shall not be required to commence operations or pay delay rentals if lessee elects or has elected to pay the gas storage rental hereafter mentioned. If, after the expiration of the primary term of this lease, production on the leased premises shall cease, this lease shall not terminate, provided that lessee commences operations for drilling, reworking, plugging back, or deepening a well within sixty days from such cessation, and this lease shall remain in force during the prosecution of such operations, or additional drilling, reworking, plugging back, or deepening operations commenced while such operations are in progress, or within thirty days after the cessation thereof, and, if production results therefrom, then so long as production continues. This lease shall also remain in full force and effect without compliance with the foregoing provisions if lessee has made or makes an election to pay the gas storage rental hereinafter provided.

12. Lessee shall have the exclusive right to employ any depleted oil or gas stratum or strata underlying leased premises for the storage of gas and may for this purpose reopen and restore to operation any and all abandoned wells on the leased premises which may have penetrated said depleted stratum or strata, or may drill new wells thereon for the purpose of freely introducing and storing gas in such stratum or strata and recovering the same therefrom. It is understood that a well need not be drilled on the leased premises to permit storage of gas, and it is agreed that lessee shall be the sole judge as to whether gas is being stored within the leased premises and its determination shall be final and conclusive. As full compensation for the storage rights herein granted and in lieu of all delay rental or royalty due or to become due for the right to produce or for the production of stored gas from the leased premises, lessee agrees to pay lessor an annual rental of Two Dollars (\$2.00) per acre, in advance, on the date it notifies lessor that it elects to use any depleted stratum for storage purposes and for as long thereafter as any such stratum is so utilized or such annual rental is paid. Lessee further agrees to pay lessor, as liquidated damages for the drilling, operation, and maintenance of each well on leased premises which is utilized for storage of gas, as well as for the necessary or useful surface right and privileges relating thereto, for the entire term of this agreement, the sum of \$100.00 payable in one sum within three months after each well now existing or hereafter drilled upon leased premises is so utilized. Lessee agrees to give lessor written notice of the use of leased premises or any wells drilled thereon for the storage of gas. The storage rights may be assigned or exercised in conjunction with other leases in the general vicinity.

13. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release thereof of record in the proper county. After a partial surrender, the rental specified above shall be proportionately reduced on an acreage basis.

14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all heirs, successors, and assigns of said lessor or lessee.

15. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or implied covenants hereof, if compliance therewith is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or regulations, whether valid or invalid. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and lessee, by reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such delaying cause. During any period that lessee is unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this lease shall remain in full force and effect.

16. Lessee hereby is given the right at its option, at any time within twenty (20) years from the date hereof (if the lease is then in effect), and from time to time within such period, to pool all or any part or parts of leased premises or rights therein with any other land in the vicinity thereof, or with any leasehold, operating or other rights or interest in such other land so as to create units of such size and surface acreage as lessee may desire but containing not more than forty-five (45) acres; provided, however, a unit may be established hereunder containing not more than 640 acres plus 10% acreage tolerance if unitized only as to gas rights or as to gas and condensate. If at any time larger units are required under any then applicable law, rule, regulation or order of any governmental authority for the drilling, completion, or operation of a well, or for obtaining maximum allowable, any such unit may be established or enlarged to conform to the size specified. Each unit may be created by governmental authority or by a Declaration containing a description of the unit so created, specifying the mineral or horizon so pooled, is so limited. Any well which is commenced, or is drilled or is producing on any part of any lands theretofore or thereafter so pooled shall, except for the payment of royalties, be considered a well commenced, drilled, and producing on leased premises under this lease. There shall be allocated to the portion of leased premises included in any such pooling such proportion of the actual production from all lands so pooled as such portion of leased premises, computed on an acreage basis, bears to the entire acreage of the lands so pooled. The production so allocated shall be considered for the purpose of payment or delivery of royalty to be the entire production from the portion of leased premises included in such pooling in the same manner as though produced from such portion of leased premises under the terms of this lease. Each of said options may be exercised by lessee from time to time, and an unit may be formed either before or after a well has been drilled or production has been established on leased premises or on the portion of leased premises which is included in the pool or on other lands which are pooled therewith.

17. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws of the state wherein leased premises are situated in so far as the same in any way may affect the purpose for which this lease is made.

IN WITNESS WHEREOF, we sign and seal this instrument as of the day and year first above written.

Witness:

THE ANSCHUTZ CORPORATION

By:

Agent

STATE OF ALA. SHELBY CO. 10/15/80
I CERTIFY THIS INSTRUMENT WAS FILED
10/15/80

1980 OCT 15 PM 12:19 Rec. 1000
Sub 1000
2210

Owen K. Tidwell SS# [redacted]

Barbara S. Tidwell SS# [redacted]

STATE OF Georgia

COUNTY OF Walton

SS.

ACKNOWLEDGMENT

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Shelby Cnty Judge of Probate, AL
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[Signature] a Notary Public in and for said County

and State, do hereby certify that Owen K. Tidwell and Barbara S. Tidwell to me personally known, and known to me to the same persons described in and who executed the foregoing instrument, appeared before me this day in person and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses, purposes and consideration therein expressed, including the relinquishment of dower and homestead.

Given under my hand and official seal this 28th day of August

My Commission Expires:

8-21-82

[Signature] Notary Public

Notary Public

