

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 1 day of December 19 80 between

James T. Cole, a single man

Letter (including name of owner) where written to: Chateau Apt 2006, Colony Dr. SW, Huntsville, AL 35802
and Amoco Production Company, P.O. Box 50879, New Orleans, La. 70150 [Signature: WITNESSETH]

1. Lower in consideration of Ten and More 100%

(3) 10.00 & more to be paid by the lessee herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessor for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon to produce, save, take care of, store, transport and own said products, and bearing its expenses, the following described land in Shelby County, Alabama, to-wit:

Township 19 South, Range 2 East

Section 1: Begin at the SW corner of SE $\frac{1}{4}$; East along Section Line to the Western R/W of County Road 60; Nely along R/W 820 feet; NWly 510 feet; NWly 930 feet; West to the West Line of said SE $\frac{1}{4}$; South to POB.



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Shelby Cnty Judge of Probate,AL
01/08/1981 00:00:00 FILED/CERTIFIED

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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 methods.

It is the intention of Lander and Jones that this lease shall also include, and there is hereby included, granted, leased and let, for the purposes and consideration herein stated, all the land owned or claimed by Jones, adjacent or contiguous to the land particularly described above, whether the same be in said section or sections, grant or grants, or in adjacent sections or grants, although not included with the boundaries of the land particularly described above. For the purpose of determining the amount of any money payment hereunder, the lands herein shall be treated as comprising 65 acres, whether there be more or less, and in the event of a partial assignment of surrender hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres stated in such assignment or surrender.

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 hooked 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 (1/8) 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 gasoline or other by-products, except that in computing such value there shall be excluded all gas or components thereof used in lease or unit operations; 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 sulphur mined and marketed, the royalty shall be fifty cents (50¢) 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 periodic payments (therein 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 rate and in the manner herein provided for royalty 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 royalty date; and if such payments are made it will be conclusively held 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, sand 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 and 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 or 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 formed on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on or off the premises covered by this lease or not. In lieu of the royalties otherwise herein specified, Lessee shall receive on production from a unit so pooled only a portion of the royalty stipulated herein as the amount of his acreage played 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 negotiations 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 in the

Where no bank is named, Lessee shall pay or tender to Lessor or to the credit of Lessor in First Alabama Bank at P.O. Box 680, Huntsville, Alabama 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 rental; the rent of

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(3) Therein 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 such bank on or before such date of payment. If such bank or any successor bank should fail, become 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 Lessee shall deliver to Lessee a proper record of the name of, mailing and other bank as agent to receive such payments or tenders. The above cash payment is considered complete for this lease accounting to its terms and shall not be the subject of any claim of a partial Lessee may, at any time or times execute and deliver to Lessor or to the depository above named in place of record, release or release or covering any portion or proration of the acreage covered hereby, and then the surrender this lease as to such portion or portions and be released of all obligations as to the acreage surrendered, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

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7. Lessee shall have the right at any time during or after the expiration of this lease to re-enter all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing required by Lessee. Lessee will bury all pipelines below ordinary plow depth and no well shall be drilled within two hundred (200) feet of any residence or house on said land without Lessee'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.

(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 herein is valid, 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 Lessor until thirty (30) days after Lessee shall have been furnished by 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 based in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of the land, then or of a portion thereof, who commits such breach. In the event of the death of any person entitled to receive hereunder, 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 or either of the several named herein, at Lessee's election, the proportionate part of said rental to each such participant, or it may be paid to him, or any one of them, or to their credit in said depository, and payment of rental to any participant of his portion of the rental hereunder shall constitute the lease as to such participant. In event of assignment of this lease as to a segregated portion of said land, the rental payable hereunder shall be apportionable as between the several lessor/hold owners (initials) according to the surface area of each, and default in rental payment by one shall not affect the rights of other lessor/hold owners hereunder. If any of more parties become entitled to rental 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

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OIL PROPERTIES

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9. The breach by Lessee of any obligation hereunder shall not work a forfeiture or termination of this lease nor be cause for cancellation hereof 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 notice by Lessor to Lessee specifying 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 the termination of this lease save as to forty (40) acres for each well being worked on or producing oil or gas, to be selected by Lessee so that each forty (40) acre tract will embrace one such well. After the discovery of oil, gas or other mineral in paying quantities on and premises, Lessee shall reasonably discharge 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 continue 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, without reimbursement, 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 to and satisfying same. Without impairment of Lessor's rights under the warranty, in event of failure 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 prorated proportionately. Failure of Lessee to reduce rental paid hereunder shall not impair the right of Lessee to reduce royalties. All royalty interest covered by this lease whether or not caused 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 war, acts of God or inability to obtain or to use equipment or material, or by operation of force majeure, or any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises, 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 on 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.

13. In the event that Lessor, during the primary term of this lease, receives a bona fide offer with which Lessor is willing to accept from any party offering to purchase from Lessor a fee simple interest in or all the interests covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of such offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen (15) days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor(s) along with Lessor's sight draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms hereof. If you receipt thereof, Lessor(s) shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

In WITNESS WHEREOF, this instrument is signed, sealed and delivered on the date first above written.

WITNESS

James T. Cole (SEAL)

S. S. # (SEAL)

STATE OF ALABAMA

COUNTY OF SHELBY

I, NOLAN H. ROBERTSON

James T. Cole

1981010800002090 Pg 2/2 .00
Shelby Cnty Judge of Probate, AL
01/08/1981 00:00:00 FILED/CERTIFIED

Notary Public in and for said County, in said State, do hereby certify that

James T. Cole

12 day of December

My commission expires: 12-3-83

Notary Public in and for said County, in said State, do hereby certify that

ALABAMA

WIFE'S SEPARATE ACKNOWLEDGEMENT

STATE OF ALA. SHELBY CO.

I CERTIFY THIS INSTRUMENT WAS FILED

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JUDGE OF PROBATE

who being examined separately 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 of her husband.

Given under my hand and Official Seal, this day of A. D. 19

Notary Public in and for

Oil, Gas and Mineral Lease	FROM	TO	County, Alabama	This instrument was filed for record on the	at	and duly recorded by	Page	of this office	(Official Title)	When recorded return to
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