

721
OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 28 day of November 1980 between

Wash Hardy and wife, Arne Mae Hardy



19810123000008310 Pg 1/2 00
Shelby Cnty Judge of Probate, AL
01/23/1981 00:00:00 FILED/CERTIFIED

Lessor (whether one or more) whose address is Rt. 1, Box 141, Vincent, AL. 35178
and Amoco Production Company, P.O. Box 50079, New Orleans, La. 70150 Lessor, WITNESSETH

1. Lessor in consideration of Ten and more Dollars

(\$ 10.00 & more) in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee 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, treat, transport and own said products, and hiring its employees, the following described land in Shelby County, Alabama, to-wit:

Township 19 South, Range 2 East

Section 1: Begin at the NW corner of said section; East to Western R/W of County Road 477; SWly along R/W 190 feet; Westerly 495 feet; SWly 210 feet; East to R/W of said HWY 477; SWly along R/W 220 feet; NWly 170 feet; SWly 126.1 feet; NWly 40 feet; SWly 426.31 feet; SEly 266.03 feet to said R/W; Southwly along R/W 300 feet; Westerly 315 feet; Southerly 280 feet to R/W of County Road 466; Westerly along R/W 770 feet; NWly 470 feet; Northerly 210 feet; NWly 215 feet; Northerly 295 feet; NWly 295 feet; Southerly 85 feet; Westerly 210 feet; SWly 524.7 feet; SEly 208.23 feet; NEly 35 feet; SEly 310 feet; SWly 530 feet to R/W of HWY 466; West along said R/W to a point 315 feet west of Western section line; North 210 feet; West 315 feet to West section line; North 20 feet; East 305 feet to begin another exception; East 280 feet; North 210 feet; West 310 feet; South 105 feet; East 75 feet; South 100 feet to POB. Continue 230 feet north of HWY R/W # 466; continue North along West Section line to a point 550.8 feet South of NW corner of Section; Easterly 284.58 feet; NEly 166.14 feet; Northerly 166.57 feet to North Section line; (271 feet East of NW corner of Section) Also less: From Western R/W of HWY 477, 190 feet South of North Section line; Westerly 495 feet to POB; Continue Westerly course 415.87 feet; SEly 297.61 feet; NEly 297.07 feet to POB. Also Begin at NE corner of W 1/2 NE 1/4 of NE 1/4; South to West R/W of Co. Rd 466; West along R/W 1210 feet to E R/W Co. Rd 477; Northerly & NEly along R/W 1020 feet; SEly 130 feet; NEly 159.5 feet; NEly 225.5 feet; NEly 210 feet; West 210 feet to E R/W of Co Rd; NEly along R/W to North line of Section; East to POB. Less: POB 660 ft. South of North line & 280 ft. East of West R/W of HWY 477; South 210; East 210 feet; North 210 feet; East to POB.

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 intent of Lessor and Lessee 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 Lessor, 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 70 acres, whether there be more or less, and in the event of a partial assignment or 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 pooled hereunder.

3. The royalties to be paid by Lessee are in oil and gas, one-eighth (1/8) of that produced and saved from said land, the same to be delivered at the well 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 unmarketable oil to render it marketable 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 rental payments, by commencing or resuming such payments as hereinafter provided in paragraph 4. Should such conditions occur or exist at the end of or after the primary term or within any year or years subsequent 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 rental 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 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, coal, wood and water from said land, except water from Lessee's wells, for all operations hereunder, and royalty on oil, gas and coal shall be computed after deducting any amount.

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 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, as 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 pool or lands 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 such portion of the royalty stipulated herein as the amount of its acreage placed in the unit or its 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 Lessor in

First Bank of Childersburg

Vincent

Alabama (which bank and its successors are Lessee'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

Seventy and No/100

(70) Dollars

(\$ 70.00), (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 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, marked or delivered to Lessee or to said bank on or before such date of payment, if such bank (or any successor bank) should fail, liquidate 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 recordable statement naming another bank or 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 more rental for a period. Lessee may at any time or times execute and deliver to Lessee 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 thereafter the rental payable hereunder shall be reduced in the proportion that the acreage surrendered bears to the total acreage covered by this lease 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 holes thereon, or if after discovery of oil, gas or other mineral the production therefrom should cease for any reason, this lease shall not terminate. Lessee commences additional drilling or reworking operations within 60 days thereafter or if it be within the primary term, commences or resumes the operations for drilling or reworking 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 or reworking operations are discontinued, Lessee shall, nevertheless, be deemed to have commenced operations on or before the expiration of the primary term, and 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 or shall have completed a dry hole thereon within sixty (60) days prior to the end of the primary term, the lease shall remain in force so long as operations are prosecuted with no cessation of more than sixty (60) consecutive days, and if they result in the production of oil, gas or other mineral so long thereafter 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 be brought in on adjacent land and within one hundred fifty (150) feet of and draining the leased premises or acreage pooled therewith, Lessee agrees to drill such offset wells as a reasonably prudent operator would drill under the same or similar circumstances.

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 oil casing. When required by Lessee, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled with no casing less than 120 feet of any casing or casing 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.

8. 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, rentals or royalties, however apportioned, shall operate to enlarge the obligations or diminish the rights of Lessee, and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall be notified in writing by the owner of the land, or by the owner of the interest in the land, of such change or division. In the event of a change or division in ownership of the land, or of a part thereof, or of an assignment hereunder, each of the parties to this lease, or a part thereof, where a minor is involved, in the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals to the credit of the decedent or the estate of the decedent until such time as Lessee is furnished with proper evidence of the appointment and qualification 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 decedent, 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 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 separately or to a separate credit in said depository, and payment or tender to any 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 portion of said land, the rentals payable hereunder shall be apportionable between the several benefited owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other beneficial owners hereunder. If one or more persons be entitled to rentals hereunder, Lessee may, with advice, demand the rental, and same shall be tendered with a check or instrument, and said parties designating an agent to receive payment for all.

