

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 13th day of May 19 81, between

The First National Bank of Corsicana, Texas, Executor and Trustee under the Will of  
Hortense E. Davant, Deceased,

lessor (whether one or more), whose address is: 100 North Main, Corsicana, Texas 75110

and T. R. Herrington, Jr., Trustee

lessee, WITNESSETH:

1. Lessor, in consideration of Ten and No/100-----(\$10.00)----- Dollars, receipt 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 (including carbon dioxide), 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 utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone lines, employee 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:

An undivided one-half (1/2) of the property described in Exhibit "A", which Exhibit is attached hereto and made a part hereof for all purposes just as if set out in this paragraph.



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Shelby Cnty Judge of Probate, AL  
08/12/1981 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 purpose of determining the amount of any bonus, delay rental or other payment hereunder, said land shall be deemed to contain 2265.68 net 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 five (5) 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 pipeline 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 mined and ~~marked 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, mineral and marketed 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 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 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 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 thereunder, 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 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 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 part 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 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 or to lessor's credit in the First National Bank at Corsicana, Texas

or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of \$ 2265.68

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 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 thereunder, 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 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 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, plugging 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.

SOHIO PETROLEUM CO \*Seventeen Percent (17%)  
\*\*Twenty-Five Percent (25%)

100 PINE STREET

SAN FRANCISCO, CALIFORNIA 94111

LPP 7-11-81

100-5-81

See Assigner's Book 44 page 563 (4-5-82) BOOK 334 PAGE 375



8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. 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, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. 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 or 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.

12. Within thirty (30) days prior to the expiration of the primary term of this lease, or if operations are being conducted on said lease or land pooled therewith at the expiration of the primary term in such manner as to maintain this lease in force, within thirty (30) days after the completion of a dry hole resulting from such operations, lessee may extend the primary term of this lease as to all ~~acres~~ acres then covered hereby, for an additional ~~five (5)~~ three (3) years beyond the initial primary term, by written notification of action taken and by making payment to lessor or to lessor's successor in interest as reflected by notice to lessee pursuant to Paragraph 8 hereof, or to the credit of lessor or such successor in interest in any depository bank named herein or in any amendatory instrument in the sum of \$50.00 (Fifty Dollars) for each net acre as to which the lease is so extended. If this option is exercised by lessee, the payment of the option bonus shall be in lieu of the fifth annual delay rental, and the lease as extended will thereafter be treated as if the original primary term had been ~~five (5)~~ three (3) years longer.

also

This lease is/subject to that certain Agreement to Lease dated the 27th day of February, 1981, between Sohio Petroleum Company, T. R. Herrington, Jr., and Lessor, and to Exhibit C to such agreement, which contains certain riders and other conditions of this lease. A true copy of said agreement is on file at the offices of Lessor in Corsicana, Navarro County, Texas. The terms of said agreement shall be binding as though set out in this paragraph.

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

The First National Bank of Corsicana, Texas,  
Executor and Trustee under the Will of  
Hortense E. Davant, Deceased

By: [Signature]  
Vice Pres. & Trust Officer

ATTEST: \_\_\_\_\_ (SEAL)

By: [Signature]  
Assistant Cashier (SEAL)

STATE OF TEXAS  
COUNTY OF NAVARRO

JOINT OR SINGLE ACKNOWLEDGMENT  
(MISSISSIPPI-ALABAMA-FLORIDA)

I hereby certify, that on this day, before me, a Notary Public

duly authorized in the state of Texas to take acknowledgments, personally appeared B. Lynn Sanders, III, Vice President & Trust Officer to The First National Bank of Corsicana, Texas, and acting on behalf of said Bank, and to me known to be the person described in and who executed the foregoing instrument and he

acknowledged before me that, being informed of the contents of the same, he voluntarily signed and delivered the within and foregoing instrument on the day and year therein mentioned, and in the capacity therein stated.

Given under my hand and official seal, this 19th day of May, A.D., 1981  
[Signature]  
Notary Public

My commission expires 7-3-84 in and for State of Texas

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
WITNESS ACKNOWLEDGMENT  
(MISSISSIPPI-ALABAMA-FLORIDA)

I, a \_\_\_\_\_ in and for the aforesaid jurisdiction, hereby certify that

a subscribing witness to the foregoing instrument, known to me, appeared before me on this day, and being sworn, stated that

the grantor(s), having been informed of the contents thereof, voluntarily executed and delivered the same in his presence, and in the presence of the other subscribing witness, on the day the same bears date; that he attested the same in the presence of the grantor(s), and of the other witness, and that such other witness subscribed his name as a witness in his presence.

(Subscribing Witness)

Given under my hand and official seal, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

(Title of Official)

My commission expires \_\_\_\_\_ in and for \_\_\_\_\_ County, \_\_\_\_\_



EXHIBIT "A"

THE STATE OF ALABAMA        §  
COUNTY OF SHELBY            §

NE 1/4 of NE 1/4; SE 1/4 of NE 1/4; SW 1/4 of NE 1/4; SW 1/4 of Section; NE 1/4 of SE 1/4; NW 1/4 of SE 1/4; SW 1/4 of SE 1/4; NE 1/4 of NW 1/4; SW 1/4 of NW 1/4; all in Section 25, Township 17 South, Range 1 East.

NW 1/4 of Section; SW 1/4 of Section; all in Section 11, Township 18 South, Range 1 East.

NW 1/4 of Section 21, Township 18 South, Range 1 East.

NW 1/4 of Section 9, Township 18 South, Range 2 East.

NE 1/4 of NE 1/4; NW 1/4 of NE 1/4; SW 1/4 of NE 1/4; NW 1/4 of Section; SW 1/4 of SW 1/4; all in Section 11, Township 18 South, Range 2 East.

NE 1/4 of Section; NW 1/4 of Section; all in Section 29, Township 18 South, Range 2 East.

NW 1/4 of NE 1/4; SE 1/4 of Section; NW 1/4 of Section; all in Section 3, Township 19 South, Range 1 East.

NW 1/4 of SW 1/4; SW 1/4 of SW 1/4; all in Section 17, Township 18 South, Range 1 West.

NW 1/4 of Section; NE 1/4 of Section; all in Section 23, Township 18 South, Range 1 West.

SW 1/4 of Section; E 1/2 of NW 1/4 of Section; all in Section 33, Township 18 South, Range 1 West.

NE 1/4 of NW 1/4; SW 1/4 of NW 1/4; all in Section 13, Township 19 South, Range 2 West.

NE 1/4 of NE 1/4; SE 1/4 of NE 1/4; SW 1/4 of NE 1/4; all in Section 21, Township 19 South, Range 2 West.

NE 1/4 of SE 1/4; SE 1/4 of SE 1/4; all in Section 27, Township 20 South, Range 3 West.

NW 1/4 of SE 1/4; SW 1/4 of NE 1/4; all in Section 13, Township 20 South, Range 4 West.

SW 1/4 of Section 27, Township 20 South, Range 4 West.

SE 1/4 of NE 1/4; NE 1/4 of SE 1/4; NW 1/4 of SE 1/4; SW 1/4 of SE 1/4; SW 1/4 of Section; all in Section 1, Township 21 South, Range 5 West.

N 1/2 of NE 1/4 of Section 7, Township 19 South, Range 1 East (Oil, Gas, Petroleum and Sulphur only).

RMD

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270-13

NW 1/4 of SE 1/4 (Oil, Gas, Petroleum and Sulphur only) of Section 17, Township 19 South, Range 2 West.

NE 1/4 of SW 1/4; NW 1/4 of SW 1/4; NW 1/4 of Section (Oil, Gas, Petroleum and Sulphur only); all in Section 30, Township 19 South, Range 2 West.

NE 1/4 of NE 1/4; NW 1/4 of NE 1/4; SE 1/4 of NE 1/4; NE 1/4 of SE 1/4; NW 1/4 of SE 1/4; SW 1/4 of SE 1/4; NW 1/4 of Section; SW 1/4 of Section (Oil, Gas, Petroleum and Sulphur only); all in Section 35, Township 19 South, Range 3 West.

South 9 acre of NW 1/4 of NW 1/4 and S. 4.5 acres of W 1/2 of NE 1/4 of NW 1/4 less 2.14 acres taken by highway in Section 20-19S-1W.

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

1981 AUG 12 AM 9:28

*Thomas A. Snowden, Jr.*  
JUDGE OF PROBATE

*Mineral tax - 113.28*  
*Rec. 20.00*  
*Seed 11.50*  
*Ind. 1.00*  

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*145.78*

RMD