Producers 88 (SP 5-79) — With Pooling Provision Mississippi, Alabama, Florida

quantities.

OIL, GAS AND MINERAL LEASE

	THIS AGREEMENT made this 24th day of	June	19 - Tank of o	81 117 T/T die	between - 4 5/24/
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	-	OLLTICE	or suage	Or rrobact	e of She
C	County, Al., in Deed Book 303, Pg. 258 P. O. Box 10247, Birm	ingham	, Alabama	35202	 • • • • • • • • • • • • • • • • •
	Tack F. Klinger, P. O. Box 1/9/, Huntsville, lexas //	740	·	, lessee, willia	
	1. Lessor, in consideration of <u>Ten and No/100 (\$10.00) Dollars & other of which is hereby acknowledged</u> , and of the covenants and agreements of lessee hereinafter contained, does hereby purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities fund bridges, dig canals, build tanks, power stations, power lines, telephone lines, employee houses and other structure exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered legal to the land legal	for surface or tures on said hereby or an	subsurface dispositions of the	al of salt water, construseful in lessee's op- cent thereto. The lan	erations in add covered
•	hereby, herein called "said land", is located in the County of Shelby State of	Alab		1 .	
S	See Exhibit "A" attached hereto.	•			•
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j				096580 Pg 1/4 .0 Judge of Proba 00:00:00 FILED/	,
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g	This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purplemental instrument requested by lessee for a more complete or accurate description of said land.	irpose of dete	ermining the amou	int of any bonus, dela	ay rental or
20	other payment hereunder, said land shall be deemed to contain	tai as luilid si	RHI COHZIMEL WHOMS	tot tilly seave and an	Tibrest min
Be		orce for a tern	TIVE () かっぱ 立	rom the date hereof, ian ninety (90) conse	hereinafter cutive days.
かっ	3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessed duced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the market process.	ee may conne	ect its wells, the eq	ual commission part of	f all oil pro-
<u>/6</u>	is run to the pipe line or storage tanks, lessor's interest, in ather case, to bear with or the cost of treating of	ii to tenaei ii	marketable pipe i	se other product there	efrom man
, , 1	received by the Lessee for such gas computed at the mouth of the well of the gas so sold or used; provided that on gas sold received by the Lessee for such gas computed at the mouth of the well, and on gas sold at the well the royalty shall and some sold at the well the royalty shall and sold at the gas sold at the well the royalty shall and sold and sold at the well and sold and sold at the well that one tenth either the sold at the gas sold or used; provided that on gas sold at the well the royalty shall and sold at the well and sold at the well and sold at the well the royalty shall and sold at the well the royalty shall and sold at the well and sold at the well a	la by Lessee i l be encembe her in kind or	b of the cash process	eds realized by Lesse or mine at lessee's elec	tion, except
ると	that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. It, at the expiration of	the primary i	other mineral cover	red hereby, and all su	ich wells are
∞	shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to profession said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities of	or so long as oduce, utilize	or market the mi	nerals capable of beir	ng produced
∞	separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptant primary terms all such wells are shut-in for a period of ninety consecutive days, and during such time there are no	able to lessee o operations o	on said land, then	at or before the expira	ation of said
PACF	ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to the amount of like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if uporeason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the	on such annivitime of payn	ersary this lease is nent would be enti	tled to receive the roy	valties which
	would be paid under this lease if the wells were producing, and may be deposited in a depository bank provided in provided in a paragraph 5 hereof. In event of assignment of this lease and in whole or in part, liability for payment	t hereunder s	otning nerein snam hall rest exclusivel	y on the then owner o	or owners of
7	this lease, exerally as to acreage owned by each. If the price of any mineral or substance upon which royalty is pathe marker value or market price of such mineral or substance for the purpose of computing royalty hereunder shain.	hall not be in	excess of the price	which Lessee may re-	ceive and re-
>	4. Lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this leave or leave or portion or portions thereof, or mineral or horizon thereunder, so as to establish unit	lease as to an	ly or all minerals of not more than 80	r horizons thereunder D surface acres plus l	r, with other 10% acreage
_	tolerance: provided, however, a unit may be established or an existing unit may be enlarged to contain not more gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If rule or order for the drilling or operation of a well at a regular location, or for the obtaining of a maximum allow	larger units a	are prescribed or p	ermitted under any g	overnmental
	such unit may be established or enlarged to conform to the size prescribed or permitted by such governmental ord	ler or rule. Le s recorded. E	essee shall exercise each of said option	said option as to each s may be exercised by	y lessee from
	time to time, and whether before or after production has been established either on said land or on the portion of and any such unit may include any well to be drilled, being drilled or already completed. A unit established hereu though there may be land or mineral, royalty or leasehold interests in land within the unit which are not pooled or	r said land inc inder shall be	cluded in the unit of valid and effective	e for all purposes of th	his lease even
	land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. In any such unit that proportion of the total production of unitized minerals from wells in the unit, after deduction of the conduction of the unit.	There shall being any used i	e allocated to the l in lease or unit ope	and covered by this le trations, which the nu	ase included imber of sur-
	face acres in the land covered by this lease included in the unit bears to the total number of surface acres in the poses, including the payment or delivery of royalty, overriding royalty, and any other payments out of production of said land covered hereby and included in such unit in the same manner as though produced from said l	on, to be the	entire production	of unitized minerals f	rom the por-
	estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of sl of term requiring production of oil or gas. The formation of such unit shall not have the effect of changing the o	hut-in royalti ownership of	ies from a well on t any delay rental of	the unit shall satisfy a shut-in production r	iny limitation royalty which
	may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or an lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, it at the second of the public of	s to lands witl	hin the unit. Lesse	e may dissolve any un	nit established
	minerals. Subject to the provisions of this paragraph 4, a unit once established here 4 er shall remain in force may be so established, modified or dissolved during the life of this lease.	so long as ar	ny lease subject the	ereto shall remain in	force. A unit
	5. It operations are not conducted on said land on or before the first anniversary date hereof, this lease shal				
	shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the First Aland John H. Brewer, as Trustees, P. O. Box Bank 247, Birming	gham, A	la. 35202	, Attn: B.	L. Brow
	or its successors, which shall continue as the depository, regardless of changes in ownership of			VP	& Ir. Ur
	s=1,981.00 , which shall operate as delay rental and cover the privations may be further deferred for like periods of one year each	vilege of defe	erring operations f	or one year from said	d date. In like
	delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee r or tender such rental, royalties, or moneys, in the manner herein specified, either jointly to such parties or s	may, in lieu o separately to	of any other metho each in accordance	d of payment herein p e with their respectiv	provided, pay ve ownerships
	thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the m last date of payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to 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 in	o make prope	er payment or tend	er of delay rental as t	o any portion
•	payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in page ficient to prevent termination of this lease and to extend the time within which operations may be conducted in t	art as to part the same man	ies, amounts, or de mer as though a pr	epository, shall nevert oper payment had be	theless be suf- en made; pro-
	vided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice ther ecute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land of obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under	or of mineral	or horizon thereu	nder, and thereby be	relieved of all
	puted in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to such release.	-			
	6. If at any time or times during the primary term operations are conducted on said land and if all operation niversary date next following the ninetieth day after such discontinuance unless on or before such anniversary recurrent the payment of tender of delay reptal; provided, however, if such applyersary date is at the end of the	ry date lessed	either (1) conduc	ts operations or (2) o	commences or
-	resumes the payment or tender of delay rental; provided, however, if such anniversary date is at the end of the primary term, this lease shall terminate at the end of such term or on the nineticth day after discontinuance of a cither (1) lessee is conducting operations or (2) the shut-in well provisions of paragraph 3 or the provisions of paragraph 3.	all operations paragraph 11	s, whichever is the Lare applicable. W	later date, unless on the later date, unless on the later date, unless on the later date and the later date.	such later date lease the word
	"operations" shall mean operations for and any of the following: drilling, testing "completing, reworking, reco	mipleting, de	epening, plugging s, sulphur or othe	back or repairing of a	well in search not in paying

010-563

- Section 2, Township 19 South, Range 1 West NW 1/2 320 acres
- Section 3, Township 19 South, Range 1 West

 SE 1/4 of NE 1/4; NE 1/4 of SE 1/4 80 acres;

 West 1/2 of SW 1/4 of NE 1/4 less 2 acres for a Church;

 and NW 1/4 of SE 1/4 less 4 acres in the Southwest Corner
 54 acres
- Section 10, Township 19 South, Range 1 West

 NW 1/2 of E 1/2 160 acres

 E 1/2 of SW 1/4 80 acres

 SW 1/4 of SW 1/4 40 acres
- Section 15, Township 19 South, Range 1 West W 1/2 less SE 1/4 of SW 1/4 280 acres
- Section 16, Township 19 South, Range 1 West SE 1/4 of NE 1/4 and NE 1/4 of SE 1/4 80 acres
- Section 11, Township 19 South, Range 1 West
 NE 1/4 of NE 1/4, less that part South and East of County
 Highway 43; SW 1/4 of NE 1/4; S 1/2 of SW 1/4; NE 1/4 of
 SW 1/4; SW 1/4 of SE 1/4; W 1/2 of NW 1/4 of SE 1/4, less
 3 acres for Brasher Chapel Church and Cemetery 256 acres
- Section 14, Township 19 South, Range 1 West NW 1/4 - 160 acres
- Section 28, Township 18 South, Range 1 East SE 1/4; S 1/2 of NW 1/4; N 1/2 of SW 1/4 320 acres
- Section 28, Township 19 South, Range 1 West E 1/2 of SW 1/4; W 1/2 of SE 1/4, except 10 acres in the NE corner 150 acres
- Section 11, Township 19 South, Range 1 West

 NE 1/4 of NE 1/4 South and East of County Road 43 1 acre,

 more or less
- TOTAL 1,981 acres Shelby County, Alabama

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Attached to and by reference made a part of that certain Oil, Gas and Mineral Lease made and entered into by and between First Alabama Bank of Birmingham, C. W. Walter and John H. Brewer, as Trustee under Indenture of Trust dated 5/24/71, and recorded in the Office of the Judge of Probate of Shelby County, Alabama, on 5/27/71, in deed book 268, page 7, and First Amendment to Trust dated 12/30/76, and recorded in the Office of the Judge of Probate of Shelby County, Alabama, in deed book 303, page 528, Birmingham, Alabama 35203, hereinafter called "Lessor" and Jack E. Klinger, hereinafter called "Lessee", under date of June 24, 1981.

- 12. Notwithstanding anything hereinabove to the contrary, it is understood and agreed that this Lease covers only Oil, Gas, Sulphur and associated hydrocarbons. Lessee is expressly prohibited from utilizing strip mining, or open pit mining methods or mine shafts, in the conduct of operations hereunder and there are excepted and excluded from this lease coal, uranium, rock asphalt and other minerals which may be mined by the use of strip mining or open pit mining methods or by the use of mine shafts, provided, however, that this lease shall cover and include any asphalt or heavy oil which may be produced from well bores.
- 13. It is understood and agreed that Lessee, its successors or assigns, shall pay Lessor for any damage done to crops or livestock by reason of operations thereon, and shall pay for any damage to roads, culverts, bridges and fences or other improvements on Lessor's land resulting from their use by Lessee in connection with geophysical exploration thereof, or other mineral development thereon by Lessee, its successors or assigns, and that upon the abandonment of said lease or surrender thereof, Lessee, its successors or assigns, shall level all levees around slush pits and other excavations and generally restore the surface of the land covered hereby as nearly to its present condition as reasonably possible. In the event of drilling on the said land, Lessee, its successors or assigns, shall install cattle guards at all fence crossings used by it or them in connection with said operations, even though Lessor maintains gates that could be used.
- 14. It is understood and agreed by Lessee, the land hereinabove described is the only land that this lease covers.
- 15. It is understood and agreed that this lease does not cover or include any right or privilege to hunt with firearms or dogs on the leased premises, all such hunting rights being expressly reserved by Lessor. Lessee agrees to operation during the legal deer hunting season in Shelby County, Alabama in such a way that operations be conducted only if necessary and the term "necessary" to be determined solely by Lessee.
- 16. Lessor warrants that it acquired the herein described interest by Statutory Warranty Deed for a valuable consideration, that it has not, during the term of its ownership, leased, sold or otherwise encumbered the herein described interest, except for certain mortgages which are outstanding to secure the payment of a portion of the purchase price for said property.

EXECUTED as of the date first above written.

STATE OF ALA. SHELD Co.
TOTRITIE Y THIS

1981 SEP -8 FH 12: 49

JUDGE OF FREEATE

Munical 9905 Mercal 20.00 And. 1.00 FIRST ALABAMA BANK OF BIRMINGHAM, as CO-TRUSTEE

Its BENIOR VIOL PRESIDENT

TAX I.D. NO. 63-6079424