

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 1st day of February, 1982, between

Ruby G. Marks and Herbert R. Marks, by Power of Attorney, Ruby G. Marks

Lessor (whether one or more), whose address is Route 1, Box 1103, Leeds, Alabama

and Anoco Production Company, P. O. Box 50879, New Orleans, La. 70150 Lessor, WITNESSETH

I, Lessor, in consideration of Two Hundred Seven and 60/100 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 purpose and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, 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:

TOWNSHIP 17 SOUTH, RANGE 1 EAST

Section 26: Beginning at a point 432 feet south 0 degrees 00 minutes of the N. E. Corner of the SE $\frac{1}{4}$  of SE $\frac{1}{4}$ . Thence South 0 degrees 00 minutes along said forty line which is section line 874.06 feet to the Southeast corner of said section, thence west 0 degrees 00 minutes 320 feet along section line to a point, thence north 29 degrees 00 minutes west 590 feet to a point on the south

R. O. W. of a gravel road. Thence north 59 degrees 30 minutes east along R. O. W. of said road 198 feet to a point, thence north 34 degrees 30 minutes east along R. O. W. of said road 277 feet to a point, thence north 8 $\frac{1}{2}$  degrees 00 minutes east 280.07 feet to a point on section line which is point of beginning. Containing 8.65 acres, more or less.

889  
PAGE  
337  
BOOK

THIS LEASE DOES NOT COVER COAL, IRON ORE OR ANY OTHER HARD ROCK MINERALS.

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 or other payment hereunder, said land shall be deemed to contain

8.65

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 as lump sum consideration 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 ten (10) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as herein later 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 lessor, to pay lessor, the average posted market price of such one-eighth part of such oil at the wellhead of the day it is run to the pipe line or storage tank, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil, (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessor, one-tenth of the amount realized by lessor, computed at the month 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 month of the well, of one-eighth of such gas and casinghead gas, (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lease selection, except that on sulphur mined 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 roads 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 so long as operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessor 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, lessor shall not be obligated to install or furnish facilities, equipment, tools, well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle blow trouble or to market gas upon terms unacceptable to lessor. If, at any time or time 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 such ninety day period, lessor shall pay or tender, by check or draft of lessor, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessor 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 sub 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, or may be deposited to such parties credit in

the First Alabama Bank of Birmingham  
Eastwood Branch

Bank or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessor pays or tenders shut-in royalty, two or more parties are or claim to be entitled to receive same, lessor may, in lieu of any other method of payment of shut-in provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessor may elect. Any payment hereunder may be made by check or draft of lessor deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessor's right to release as provided in paragraph 5 hereof. In the 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. Lessor 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 50 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 60 acres plus 10% acreage tolerance, if unitized 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. Lessor 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 to 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 payment out of production, to the entire production of unitized minerals, on the portion of said land covered hereby and included in such unit in the same manner as though produced by lessor land under the terms of this lease. The owner of the minerals established a unit may, at his option, at any time, cancel that unit or reduce its size pursuant to the paragraph or paragraphs hereinabove. From and after the time the unit shall satisfy any limitation of term respecting production or duration of unitization, or if unitization is discontinued, to give the effect of discontinuing ownership of any dry acreage, or any acreage not being operated under this lease, either shall impair the right of lessor to pool or unitize any portion of this lease or to unitize any portion of this lease, or to cancel or discontinue any unitization, or to release any portion of this lease from all operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. Lessor 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 continue for 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. Lessor 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 any mineral or horizon thereunder, and thereby relieved of all obligations as to the released acreage or interest.

6. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated except as otherwise provided herein, to commence or continue any operations during the primary term. 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 water 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.

