

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 8th day of February 1982 between  
W.D. Upton, Jr. and Linda Sherrill Upton, His Wife  
W.C. Stegall, Jr. and Mary G. Stegall, His Wife

Lessor, whether one or more whose address is 208 Woodland Dr., Birmingham, Al. 35209  
and Lessee Production Company, Box 50079, New Orleans, La. 70150  
---Two Hundred and no/100---

1. Lessor hereby grants, leases and lets exclusively unto Lessee for the purpose of  
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 on the  
land, the following described land in Shelby County, Alabama to wit:

South 1/2 of Southwest 1/4 (S1/2 of SW1/4); West 1/2 of Southeast 1/4 (W1/2 of SE1/4)  
and that portion of the Northwest 1/4 of the Southwest 1/4 (NW1/4 of SW1/4)  
lying Southeast of County Road # 11 and West of unnamed road, less  
Rail Road Right of Way, all in Section 16, Township 20 South, Range  
2 West.

It is agreed and understood between Lessor and Lessee that wherever the  
fraction 1/8th appears in Paragraph 3 it is decreed to read 1/6th.

It is understood and agreed that this lease covers only oil, gas, gaseous  
derivatives and other gaseous and liquid hydrocarbons and sulphur, but does  
not cover coal, iron ore, or other hard rock minerals.

It is the intention of Lessor and Lessee that this lease shall 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 land above  
described, for the purpose of determining the amount of any money payment hereunder, the lands herein shall be treated as comprising 160 acres, whether there be more or less, and in the event of a partial assignment of 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 five years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land  
or land with which said land is pooled in common.

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 well or to the credit of Lessor into the pipeline to which the  
well 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; and in case  
such oil is to be used for any purpose of treating non-merchantable oil to render it merchantable as crudes; (b) on gas, one-eighth (1/8) of the market value at the well of the gas sold by Lessee in  
operations not connected with the land leased or any pooled land 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; and  
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  
commodity thereof used in lease or unit operations; and (c) 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 in such case  
mined and marketed, the royalty shall be fifty cents (50c) per bag 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, gas or  
gaseous derivatives 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 causing rental  
payments thereon to be made as follows: (a) 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 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 hereinafter 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 deemed to be the  
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 said land, road,  
well 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. Lessor, its heirs, assigns, and assigns, 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 such premises.  
Lessee shall execute and file with the appropriate authority a pooling agreement 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 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 pooled acreage or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to 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 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

6. 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

7. 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

8. (a) 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

9. 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

10. 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

11. 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 and the same  
shall be null and void. If, on or before the anniversary date of this lease, the well or wells be located on the pooled acreage or not, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount  
of his acreage bears to the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

M. M. Buckett

1. The Lessee shall have the option to renew this lease, in whole or in part, and extend the primary term for an additional period equal to the initial primary term commencing on the expiration date of the initial primary term by paying or tendering to Lessor, as a bonus, the sum of ---Fifteen--- Dollars (\$ 15.00 ) per acre for each acre renewed, on or before the expiration date of the initial primary term or, if drilling or reworking operations are being conducted on the leased premises or land pooled therewith on the expiration date of the initial primary term and such operations do not result in a commercial well and the well is plugged or abandoned, payment or tender may be made within thirty (30) days from the date on which the well is plugged or abandoned. Payment or tender of the renewal bonus may be made in the same manner and into the same depository provided for the payment of delay rental. If Lessor owns an interest in the land less than the entire fee simple estate, the renewal bonus shall be reduced proportionately to accord with the interest actually owned by the Lessor. In the event of the assignment of this lease as to a segregated portion of the land, the renewal bonus payable hereunder shall be apportionable as between the several leasehold owners ratable and according to the surface area of each and the renewal option shall be exercisable severally and separately as to each assigned portion. In the event the lease is renewed and extended in part only, Lessee shall promptly file for record an instrument in the county in which the land is situated, designating the acreage renewed and extended and the acreage released. The renewal bonus shall be in lieu of delay rental for the first year of the extended term.

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

Linda Shearill Upton  
Linda Shearill Upton  
Mary G. Stegall  
Mary G. Stegall  
STATE OF ALA. SHERIFF CO.  
I CERTIFY THIS  
1982 MAR 12 AM 10:45

W.D. Upton, Jr.  
W.D. Upton, Jr.  
W.C. Stegall, Jr.  
W.C. Stegall, Jr.

STATE OF Alabama JUDGE OF PROBATE  
COUNTY OF Jefferson

W.D. Upton, Jr.  
W.D. Upton, Jr.  
Recd 3.50  
min. 8.00  
Recd 11.00  
Ind. 1.00  
23.50

I, W.D. Upton, Jr., A Notary Public in and for said County, in said State, hereby certify that W.D. Upton, Jr. and W.C. Stegall, Jr. and their Wives, Linda Shearill Upton and Mary G. Stegall whose names are signed to the foregoing instrument, and who are known to me, acknowledged before me on this day, that being informed of the contents of the instrument they executed the same voluntarily on the day the same bears date.

Given under my hand and Official Seal, this 8th day of February, A.D. 19 82.

MY COMMISSION EXPIRES 9/4/85

W.D. Upton, Jr.  
Notary Public in and for  
Jefferson County  
Alabama