

H 4 8

THIS INSTRUMENT PREPARED BY: J.T. ASH

1004 OLD VICKSBURG RD.

CLINTON, MISSISSIPPI

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this

24 th

day of NOVEMBER

1961

THOMAS H. WARE, and wife, BETTY C. WARE; and HOYT E. WILLS, and wife, MARIE M. WILLS

of and between (one or more) whose address is 2300 TUNTON RD., BIRMINGHAM, ALA.; AND 3305 BLUE BELL LANE, BIRMINGHAM, ALA. and AMOCO PRODUCTION COMPANY, P.O. BOX 50879, NEW ORLEANS, LOUISIANA 70150

For and in consideration of TEN AND OTHER VALUABLE CONSIDERATIONS \$10.00 and OVC

in hand paid by the Lessee herein provided, and of the agreement of Lessor herein contained, hereby grants, leases and lets exclusively unto Lessee the right to explore, prospect, drill and produce oil, gas and all other minerals, having pipe lines, tanking, roads, tracks, power stations, telephones lines and other improvements, the care of, from and on said lands, and housing its employees, the following described land in SHELBY

FOR DESCRIPTION SEE EXHIBIT "A"

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

It is the intention 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 lands, whether or not 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 in the description 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 566.15

acres, more or less, and in the event of a partial assignment of acreage hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres contained in a separate or surrendered

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 in paying quantities from the land or lands pooled therewith.

The royalty to be paid by Lessee shall be: (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; (b) on gas, one-eighth (1/8) of the market value at the well of the gas produced or saved from said land, the same to be delivered at the well or to the credit of Lessor; (c) on other minerals, one-tenth (1/10) of the market value at the well of the minerals produced or saved from said land, the same to be delivered at the well or to the credit of Lessor. In the event that any well on the land or on property pooled therewith for with any part thereof is capable of producing in paying quantities any mineral other than oil, gas or other minerals, then Lessee's rights may be maintained in the absence of production or drilling operations by commencing operations for production of such mineral, in which case the royalty shall be one-eighth (1/8) of the market value at the well of the gas or other minerals produced or saved from said land, the same to be delivered at the well or to the credit of Lessor. Should such conditions occur or exist at the end of or after the primary term, or well or wells on the land or lands pooled therewith, Lessee's rights may be extended beyond and after the primary term by the commencement, resumption or continuation of such operations at the rate and in the manner specified herein for 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 the date of the last payment made during the primary term, 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 the right to use and dispose of 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 amount paid for water from said land.

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 of the land or lands covered by this lease, or to divide the acreage covered by this lease or any portion thereof into separate units, in order to develop and operate said premises in compliance with any lawful spacing rules which may be prescribed by any duly authorized authority, in which case, should, in the judgment of Lessee, promote the conservation of the oil and gas in said land and that may be produced therefrom. Lessee shall execute a written instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or units shall be treated, for all purposes except the payment of royalty, as a single tract or unit, and if it is included in the lease, it shall be treated as if production is from the lease, whether or not the lease is included in the pooled unit, and if it is not included in the lease, it shall be treated as if production is from the lease, whether or not the lease is included in the pooled unit. In the event of a pooling of the acreage covered by this lease or any portion thereof with other land, lease or leases, the royalty to be paid by Lessee shall be computed on the basis of the total acreage so pooled in the unit in which the royalty interest in the acreage is pooled, and the royalty to be paid by Lessee shall be computed on the basis of the total acreage so pooled in the unit in which the royalty interest in the acreage is pooled.

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 this lease shall then terminate as to the land or lands pooled therewith.

Before such maturity, any date Lessee shall pay or tender to Lessor or to the credit of Lessor in 1st ALABAMA Part of HOOVER, ALABAMA

Five hundred sixty six and 15/100

\$566.15 The sum of \$566.15 which shall cover the privilege of drilling commencement of drilling operations for a period of twelve (12) months, including the period of the primary term, and the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment of royalty shall be made by Lessee to Lessor or to the credit of Lessor on or before the date of payment. If such land or any successor land should fail to pay royalty to Lessor or to the credit of Lessor on or before the date of payment, Lessee shall be held liable for the failure to make such payment or tender of royalty until sixty (60) days after Lessor shall deliver to Lessee a copy of the instrument naming another land as agent to receive such payments or tenders. The above cash payment is consideration for this lease, including its terms and shall be the entire consideration for this lease, and the balance of the cash payment shall be paid by Lessee to Lessor or to the credit of Lessor on or before the date of payment. The above cash payment shall be the entire consideration for this lease, and the balance of the cash payment shall be paid by Lessee to Lessor or to the credit of Lessor on or before the date of payment. The above cash payment shall be the entire consideration for this lease, and the balance of the cash payment shall be paid by Lessee to Lessor or to the credit of Lessor on or before the date of payment.

It is the intention 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 lands, whether or not 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 in the description 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 566.15 acres, more or less, and in the event of a partial assignment of acreage hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres contained in a separate or surrendered

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 in paying quantities from the land or lands pooled therewith.

The royalty to be paid by Lessee shall be: (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; (b) on gas, one-eighth (1/8) of the market value at the well of the gas produced or saved from said land, the same to be delivered at the well or to the credit of Lessor; (c) on other minerals, one-tenth (1/10) of the market value at the well of the minerals produced or saved from said land, the same to be delivered at the well or to the credit of Lessor. In the event that any well on the land or on property pooled therewith for with any part thereof is capable of producing in paying quantities any mineral other than oil, gas or other minerals, then Lessee's rights may be maintained in the absence of production or drilling operations by commencing operations for production of such mineral, in which case the royalty shall be one-eighth (1/8) of the market value at the well of the gas or other minerals produced or saved from said land, the same to be delivered at the well or to the credit of Lessor. Should such conditions occur or exist at the end of or after the primary term, or well or wells on the land or lands pooled therewith, Lessee's rights may be extended beyond and after the primary term by the commencement, resumption or continuation of such operations at the rate and in the manner specified herein for 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 the date of the last payment made during the primary term, 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 the right to use and dispose of 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 amount paid for water from said land.

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 of the land or lands covered by this lease, or to divide the acreage covered by this lease or any portion thereof into separate units, in order to develop and operate said premises in compliance with any lawful spacing rules which may be prescribed by any duly authorized authority, in which case, should, in the judgment of Lessee, promote the conservation of the oil and gas in said land and that may be produced therefrom. Lessee shall execute a written instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or units shall be treated, for all purposes except the payment of royalty, as a single tract or unit, and if it is included in the lease, it shall be treated as if production is from the lease, whether or not the lease is included in the pooled unit, and if it is not included in the lease, it shall be treated as if production is from the lease, whether or not the lease is included in the pooled unit. In the event of a pooling of the acreage covered by this lease or any portion thereof with other land, lease or leases, the royalty to be paid by Lessee shall be computed on the basis of the total acreage so pooled in the unit in which the royalty interest in the acreage is pooled, and the royalty to be paid by Lessee shall be computed on the basis of the total acreage so pooled in the unit in which the royalty interest in the acreage is pooled.

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 this lease shall then terminate as to the land or lands pooled therewith.

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10. The breach of the obligation hereunder shall not work a forfeiture or termination of this lease, but shall be cause for cancellation hereof in whole or in part save as hereinafter provided. In the event of breach of the obligation hereunder, the drilling of a well or wells, Lessee shall have ninety (90) days after the receipt of written notice by Lessor from Lessor specifically stating the breach alleged, to remedy the breach by commencing operations for the drilling of a well or wells, and the only penalty for failure to do so shall be the termination of this lease save as to forty (40) acres for each well being worked or drilled, and the acreage to be selected by Lessor to that each forty (40) acre tract will embrace one such well. After the discovery of oil, gas or other mineral in paying quantities on said premises, Lessee shall not be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil or gas in paying quantities.

11. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land, either in whole or in part, and if Lessee does so, it shall be subrogated to such lien with right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under this lease in the event of failure of title, it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate, then the royalties and rentals to be paid Lessor shall be reduced proportionately to the interest owned by Lessor to reduce rental paid hereunder shall not impair the right of Lessee to reduce royalties. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the production provided.

12. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas from the leased premises, or from obtaining or using equipment or material, or by operation of force majeure, or any Federal or state law or any order, rule or regulation of governmental authority, or by any other cause beyond the control of Lessee, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages for failure to comply therewith; and this lease shall be extended without payment of delay rental as long as Lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas from the leased premises, and the time while Lessee is so prevented shall be counted against Lessor, anything in this lease to the contrary notwithstanding.

13. The undersigned Lessor, for himself and his heirs, successors and assigns, hereby surrenders and releases all rights of homestead in the premises herein described, in so far as said rights of homestead in any way affect the purpose for which this lease is made as recited herein, and agrees that the annual drilling deferment rental payments made to Lessor as herein provided will fully protect this Lessor of all interests of the undersigned.

14. In the event that Lessor, during the primary term of this lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering all or part of the substances covered by this lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee, in writing, of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the offer herein, Lessee shall notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor, and Lessor shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.

14. 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 ratably 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.

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

x Thomas H. Ware
THOMAS H. WARE SSN#

x HOYT E. WILLS
HOYT E. WILLS SSN#

x Betty C. Ware
BETTY C. WARE

x Marie M. Wills
MARIE M. WILLS

STATE OF ALABAMA
COUNTY OF SHELBY

I, THE UNDERSIGNED AUTHORITY, A Notary Public in and for said County, in said State, hereby certify that THOMAS H. WARE, and wife, BETTY C. WARE;
and HOYT E. WILLS, and wife, MARIE M. WILLS

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 24th day of NOVEMBER, A.D. 1984.

Ronny Howell
Notary Public in and for State of Large County
MY COMMISSION EXPIRES 4/7/85

EXHIBIT "A"

TOWNSHIP 21 SOUTH, RANGE 2 WEST

SECTION 4: All of the Northeast Quarter (NE/4).

The East Half of the Northwest Quarter (E/2 of NW/4) less and except a tract of land located in the East half of the Northwest quarter of Section 4, T 21 S, R 2 W, Shelby County, Alabama, more particularly described as follows:

Commence at the Northwest corner of the East Half of the Northwest Quarter of Section 4; thence Southerly along the West line of the East half of the Northwest Quarter of said Section 253.24 feet to point of beginning of tract of land herein described. Thence, continue along the last mentioned course 1724.90 feet to the Southwest corner of the North half of the Southeast Quarter of the Northwest Quarter of said Section, thence 87° 18' 18" left Easterly along the South line of said North half of the Southeast Quarter of the Northwest Quarter a distance of 631.92 feet, thence 112° 28' 52" left Northwesterly 1864.70 feet to the point of beginning; containing 12.5 acres, more or less.

TOWNSHIP 20 SOUTH, RANGE 2 WEST

SECTION 32: All of the Northeast Quarter of the Southwest Quarter (NE/4 of SW/4) lying Northwest (NW) of a diagonal line running from the Southwest (SW) corner of said Quarter-Quarter to the Northeast (NE) corner of said Quarter-Quarter less and except a tract conveyed to J. Curry Smith and recorded in Book 278, Page 417, and a tract conveyed to Roy Ash and recorded in Book 283, Page 836 in the Probate Office of Shelby County, Alabama. The above described tract contains 15.8 acres, more or less.

Also all that part of the Southeast Quarter (SE/4) of the Southwest Quarter (SW/4) lying East of a paved road and South of an East-West line beginning 830 feet South along the Quarter Section line from the Northeast (NE) corner of said Quarter-Quarter less and except a tract conveyed to R.V. Smith and recorded in Book 312, Page 877, in the Probate Office of Shelby County, Alabama. The above described tract contains 4 acres, more or less.

SECTION 33: All of the Southeast Quarter (SE/4).

All of the North half of the Southwest Quarter (N/2 of SW/4).

The Southeast Quarter of the Southwest Quarter (SE/4 of SW/4) and 8.85 acres in the Southwest Quarter of the Southwest Quarter (SW/64) of Section 33, T 20, R 2 W and in the Northwest Quarter of the Northwest Quarter (NW/NW) of Section 4, T 21, R 2 W, more particularly described as follows: Begin at the Northeast corner of the Northeast Quarter of the Northwest Quarter of Section 4, T 21, R 2 W, thence Southerly along the East line of said Quarter-Quarter Section 253.24 feet, thence 160° 12' 50" right in a Northwesterly direction 905.33 feet, thence Northerly parallel to the East line of the Southwest Quarter of the Southwest Quarter of Section 33, T 20, R 2 W 651.0 feet more or less to the North line of said Southwest Quarter of the Southwest Quarter, thence Easterly along the North line of said Southwest Quarter of the Southwest Quarter 348.0 feet, more or less, to the Northeast corner of said Southwest Quarter of the Southwest Quarter, thence Southerly along the East line of said Quarter-Quarter 1318.81 feet more or less to point of beginning, less and except a tract conveyed to Roy Ash and recorded in Book 335, Page 677 and a tract conveyed to J. Curry Smith and recorded in Book 335, Page 431. The above described tract contains 18.65 acres, more or less.

SECTION 34: All of the Northwest Quarter of the Southwest Quarter (NW/SW).

All of the South Half of the Southeast Quarter of the Northwest Quarter.

CONTAINING IN THE AGGREGATE 566.15 acres.

SIGNED FOR IDENTIFICATION

Thomas H. Ware
THOMAS H. WARE

Hoyt E. Wills
HOYT E. WILLS

338 338 338

11.00
16.00
1.00
56.31
1002 MAR 12 AM 10:35
Shelby County, Alabama
Probate Office