

## 24 th

NOVEMBER

11

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

whether one or more) whose address is 2300 TUTON RD., BIRMINGHAM, ALA.; AND 3305 BLUE BELL LANE, FARMINGTON, AL  
AROCO PRODUCTION COMPANY, P.O. BOX 50879, NEW ORLEANS, LOUISIANA 70150

## TEN AND OTHER VALUABLE CONSIDERATIONS

10.00 and OVC:

SHILBY

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 or interests therein, hereinafter described as contiguous to the land particularly described above, whether the same be in kind section or sections, grant or grants, or in adjacent sections or grants although not parcelled off by any survey.

of the fund, particularly described above. For the purpose of determining the amount of any money payment hereunder, the funds herein shall be treated as comprising 566.15 \_\_\_\_\_, which is more or less, and in the event of a partial assignment of some or any hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of \_\_\_\_\_ five \_\_\_\_\_ a share of one hereunder.

2. Subject to the other provisions herein contained, this lease shall be for a term of ten years from this date (called "primary term") and as long thereafter as oil, gas or other minerals are produced in paying quantities from the land with which said land is pooled hereunder.

2. The royalty to be paid by Lessee, one (1) cent per barrel, 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 Lessee monthly, or at such other intervals as may be convenient, Lessee may from time to time purchase or receive oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase, and such oil to be a part proportion of any response of treating unsalvageable oil to render it marketable as a crude, (b) on gas, one-eighth (1/8) of the market value at the well of the gas produced from, but not commingled with the land leased or any pooled unit containing all or a part of said land, the royalty on gas sold by Lessee to be one-eighth (1/8) of the amount received at the point of sale, one month (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 deducted the cost of transportation to the place of use in lease or unit operations, and (d) 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 on oil, gas, coal and marketed, the royalty shall be fifty cents (\$0.50) per long ton. In the event that any well on the land or on property pooled therewith or with any part thereof is capable of producing in greater substantiality-paying quantity than such minerals are not being produced, then Lessee's rights may be maintained in the absence of production or stalling operations by commencing operations on the property, or by commencing operations referred to as shut-in gas payments as hereinafter provided in paragraph 3. Should such conditions occur or exist at the end of or after the primary term, or well is capable of production or operations, Lessee's rights may be extended beyond and after the primary term by the commencement, resumption or continuation of such payments at the rate and in the manner specified for making payment 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 date of the first payment 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 the oil, gas, coal and water from said land, except water from Lessee's wells, for all operations hereunder, and royalty on oil, gas and coal shall be computed after deducting any so used.

1. The net oil and gas production 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 same oil and gas field or fields in the same or different formations, as may be determined to be necessary or advisable to do so in order properly to develop and operate said premises in compliance with any local spacing rule, which may be prescribed for the field or fields in which the lease is situated by a duly authorized authority, in which case it so would, in the judgment of Lessee, promote the conservation of the oil and gas to be produced under and that may be produced from the pool or pools. If the above-described acreage is not of identical strata and is not in the same field, the entire acreage so pooled under a unit or units shall be treated, for all purposes except the payment of royalties, as if it were included in the pooled unit, as if it were included in the lease. If production is found on the pooled acreage, it shall be treated as oil production in kind from this lease, whether the surface owner of the land on which the production is found by this lease or not. In the event the above-described acreage is pooled, Lessee shall receive on production from a unit so pooled only such portion of the royalty stipulated by the lease as is attributable to the acreage pooled in the unit in which the royalty interest the unit or units in acreage is held in 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, this lease shall then terminate as to said land and acreage.

before such move, any date Lessee shall pay or tender to Lessor or to the credit of Lessor in  
 Agreement hereby made and its contents are Lessor's agent and shall continue as the conditions for all rentals payable hereunder for each of the years in 1957 and 1958 and 1959 and 1960 and 1961 and 1962 and 1963 and 1964 and 1965 and 1966 and 1967 and 1968 and 1969 and 1970 and 1971 and 1972 and 1973 and 1974 and 1975 and 1976 and 1977 and 1978 and 1979 and 1980 and 1981 and 1982 and 1983 and 1984 and 1985 and 1986 and 1987 and 1988 and 1989 and 1990 and 1991 and 1992 and 1993 and 1994 and 1995 and 1996 and 1997 and 1998 and 1999 and 2000 and 2001 and 2002 and 2003 and 2004 and 2005 and 2006 and 2007 and 2008 and 2009 and 2010 and 2011 and 2012 and 2013 and 2014 and 2015 and 2016 and 2017 and 2018 and 2019 and 2020 and 2021 and 2022 and 2023 and 2024 and 2025 and 2026 and 2027 and 2028 and 2029 and 2030 and 2031 and 2032 and 2033 and 2034 and 2035 and 2036 and 2037 and 2038 and 2039 and 2040 and 2041 and 2042 and 2043 and 2044 and 2045 and 2046 and 2047 and 2048 and 2049 and 2050 and 2051 and 2052 and 2053 and 2054 and 2055 and 2056 and 2057 and 2058 and 2059 and 2060 and 2061 and 2062 and 2063 and 2064 and 2065 and 2066 and 2067 and 2068 and 2069 and 2070 and 2071 and 2072 and 2073 and 2074 and 2075 and 2076 and 2077 and 2078 and 2079 and 2080 and 2081 and 2082 and 2083 and 2084 and 2085 and 2086 and 2087 and 2088 and 2089 and 2090 and 2091 and 2092 and 2093 and 2094 and 2095 and 2096 and 2097 and 2098 and 2099 and 2100 and 2101 and 2102 and 2103 and 2104 and 2105 and 2106 and 2107 and 2108 and 2109 and 2110 and 2111 and 2112 and 2113 and 2114 and 2115 and 2116 and 2117 and 2118 and 2119 and 2120 and 2121 and 2122 and 2123 and 2124 and 2125 and 2126 and 2127 and 2128 and 2129 and 2130 and 2131 and 2132 and 2133 and 2134 and 2135 and 2136 and 2137 and 2138 and 2139 and 2140 and 2141 and 2142 and 2143 and 2144 and 2145 and 2146 and 2147 and 2148 and 2149 and 2150 and 2151 and 2152 and 2153 and 2154 and 2155 and 2156 and 2157 and 2158 and 2159 and 2160 and 2161 and 2162 and 2163 and 2164 and 2165 and 2166 and 2167 and 2168 and 2169 and 2170 and 2171 and 2172 and 2173 and 2174 and 2175 and 2176 and 2177 and 2178 and 2179 and 2180 and 2181 and 2182 and 2183 and 2184 and 2185 and 2186 and 2187 and 2188 and 2189 and 2190 and 2191 and 2192 and 2193 and 2194 and 2195 and 2196 and 2197 and 2198 and 2199 and 2200 and 2201 and 2202 and 2203 and 2204 and 2205 and 2206 and 2207 and 2208 and 2209 and 2210 and 2211 and 2212 and 2213 and 2214 and 2215 and 2216 and 2217 and 2218 and 2219 and 2220 and 2221 and 2222 and 2223 and 2224 and 2225 and 2226 and 2227 and 2228 and 2229 and 2230 and 2231 and 2232 and 2233 and 2234 and 2235 and 2236 and 2237 and 2238 and 2239 and 2240 and 2241 and 2242 and 2243 and 2244 and 2245 and 2246 and 2247 and 2248 and 2249 and 2250 and 2251 and 2252 and 2253 and 2254 and 2255 and 2256 and 2257 and 2258 and 2259 and 2260 and 2261 and 2262 and 2263 and 2264 and 2265 and 2266 and 2267 and 2268 and 2269 and 2270 and 2271 and 2272 and 2273 and 2274 and 2275 and 2276 and 2277 and 2278 and 2279 and 2280 and 2281 and 2282 and 2283 and 2284 and 2285 and 2286 and 2287 and 2288 and 2289 and 2290 and 2291 and 2292 and 2293 and 2294 and 2295 and 2296 and 2297 and 2298 and 2299 and 2300 and 2301 and 2302 and 2303 and 2304 and 2305 and 2306 and 2307 and 2308 and 2309 and 2310 and 2311 and 2312 and 2313 and 2314 and 2315 and 2316 and 2317 and 2318 and 2319 and 2320 and 2321 and 2322 and 2323 and <

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7. Lessee shall have the right at any time, during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to remove and haul away the same. While removing the same, Lessee will bury all pipes, holes, trenches, pits, ditches, and wells shall be drilled within two hundred (200) feet of any road or railroad now or hereafter on said land without cost to Lessee. It shall be possible for all damages caused by Lessee's operations to be made good by Lessee under other than damages necessarily caused by the exercise of the rights herein provided.

[illegible]

10/11/2011

100-155640-100

10. The breaching of the obligation hereunder shall not work a forfeiture or termination of the Lease and shall not be cause for cancellation hereof in whole or in part save as herein specifically provided. Lessee shall have ninety (90) days after the receipt of written notices by Lessor from Lessor specifically stating the breach alleged in this section to begin operations for the drilling of one such well or wells, and the only penalty for failure so to do shall be the termination of this lease save as to forty (40) acres for each well being worked or wells being drilled to be selected by Lessor so 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, Lessor shall not be required to drill any well retained hereunder, but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing in paying quantities.

10. 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. If Lessor 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 Lessor'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 proceeds as provided.

11. 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 of warranty of or inability to obtain or to use 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 if so prevented, 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 while so 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 Lessee, anything in this lease to the contrary notwithstanding.

12. 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 may 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 the Lessor's and all interests of the undersigned.

11. 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 of such 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 prime 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 this Section, 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 Lessee. 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.

Thomas H. Ware  
THOMAS H. WARE SSN# [REDACTED]

x HOYT E. WILLS  
HOYT E. WILLS SSN# [REDACTED]

x. *Betty C. Ware*  
BETTY C. WARE

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 24<sup>th</sup> day of NOVEMBER, A.D. 1944

MY COMMISSION EXPIRES 4/7/85.

Bonny Howell  
Notary Public in and for  
State of Texas County

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

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16.00  
1.00  
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Shelby County, Alabama