Alabama
Producers 88 (PSC) [redacted] Walk Bishop Form — 88-1952 [redacted] FAYETTE, ALABAMA [redacted]

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 25th day of FEBRUARY

SEYBOURN E. HOPPER AND WIFE DORTHA M. HOPPER

Lessor (whether one or more) whose address is RT. 1 BOX 983 LEEDS, ALABAMA
and AMOCO PRODUCTION COMPANY P.O. BOX 50879 NEW ORLEANS, LA.
1. Lessor in consideration of TEN AND OTHER VALUABLE CONSIDERATIONS
($ 10.00 & OVC) in hand paid, of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee, investigating, exploring, prospecting, drilling and mining for and producing oil, gas and all other minerals, laying pipe lines, building roads and erecting power stations, telephone lines and other structures thereon, to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in SHELBY

TOWNSHIP 18 SOUTH RANGE 1 EAST

SECTION 3: SW 1/4 OF NW 1/4.

BOOK 336 PAGE 543

THIS LEASE DOES NOT COVER NOR INCLUDE COAL 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 land of Lessor, adjacent or contiguous to the land particularly described above, whether the same be in said section or sections, grant or grants, or in adjoining 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 40 acres, whether there be more or less, and in the event of a partial assignment or surrender hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres stated in the applicable assignment or surrender.

2. Subject to the other provisions herein contained, this lease shall be for a term of five (5) years from this date (called "primary term") and as long thereafter as oil, gas or other mineral is produced from said land or lands with which said land is pooled hereunder.

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 wells or to the credit of Lessor into the pipeline to which the wells 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; such interest to bear its proportion of gas expense if treating mutually acceptable oil to render it merchantable as crude; (b) on gas, one-eighth (1/8) of the market value at the well of the gas so sold or used, provided that on gas from any well covered by this lease or any pooled unit containing all or a part of said land, the royalty on gas sold by Lessee is to be one-eighth (1/8) of the amount realized at the well for the gas sold, provided that on gas used off the premises or in the manufacture of gasoline or other by-products, the royalty shall be 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 any royalty 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 on sulphur mined and marketed, the royalty shall be fifty cents (50¢) per long ton. In the event that any well on the land or on property pooled therewith (or such any part thereof) is capable of producing gaseous substances 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 continuous payments (the term sometimes referred to as shut-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 prior to the expiration thereof, Lessee's rights may be extended beyond and after the primary term by the commencement, resuming, continuation or continuance of such payments at the rate and in the manner 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 the rental paying date, and if such payments are made, it will be conclusively presumed that oil or gas or gaseous substance is being produced within the meaning of paragraph 2 hereof. Lessee shall have the exclusive right to use oil produced from said land, except 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.

4. 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 same field, when in Lessee's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with any law or spacing rules which may be prescribed for the field covered by this lease by any duly authorized authority, or when Lessee shall elect, or when Lessee would, in the judgment of Lessee, promote the conservation of the oil and gas and other minerals under said premises. Lessee shall execute in writing an instrument identifying and describing the pooled acreage. The 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 be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessee shall pay on production from a unit so pooled only such portion of the royalty stipulated herein as the number of acres covered by this lease and included in such unit 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, unless Lessee on or before such anniversary date shall pay or tender to Lessor or to the credit of Lessor in BIRMINGHAM TRUST NATIONAL Bank in BIRMINGHAM, ALABAMA, Alabama (which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder regardless of changes in ownership of said land or of rentals) the sum of FORTY AND NO/100 ($40.00) Dollars, which shall cover the privilege of deferring commencement of drilling operations for a period of twelve (12) months. In like manner and upon like payments or tenders annually the commencement of drilling operations may be further deferred for successive periods of twelve (12) months each during the primary term. The payment or tender may be made by check or draft of Lessee mailed or delivered to Lessor or to said bank on or before such date of payment. If said bank (or any successor bank) should fail, liquidate or be succeeded by a receiver, or for any reason fail or refuse to accept rental, Lessee shall not be held in default for failure to make such payment or tender of rental until thirty days after Lessor shall have delivered to Lessee a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down-payment is consideration for this lease according to its terms and shall not be allocated as a penalty. Lessee may at any time or times execute and deliver to Lessor or to the depository above mentioned or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered, and the rentals provided for hereunder shall be reduced proportionately.

6. If prior to discovery of oil, gas or other minerals on said land or on acreage pooled therewith, Lessee should drill a dry hole on said land or on acreage pooled therewith, or if after the discovery of oil, gas or other minerals thereon, production should cease from any cause, this lease shall not terminate if Lessee commences additional operations within sixty days from the date of such cessation, or if Lessee commences reworking operations on said well or wells within the period of time within which Lessee is authorized by the rules of the regulatory agency having jurisdiction to commence the drilling of a well on said land or on acreage pooled therewith, or if Lessee resumes the payment or tender of rental or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty days from the date of such cessation of production. If at any time subsequent to the primary term and prior to the discovery of oil, gas or other minerals on said land or on acreage pooled therewith, Lessee should drill a dry hole thereon, or if after the discovery of oil, gas or other minerals thereon, production should cease from any cause, this lease shall not terminate if Lessee commences additional operations within sixty days from the date of such dry hole or such cessation of production, or if Lessee commences the payment or tender of rental or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty days from the date of such dry hole or such cessation of production. If at the end of the primary term, or any time thereafter, oil, gas or other minerals is not being produced on said land or on acreage pooled therewith but Lessee is then engaged in drilling, reworking or other operations thereon, or if oil or gas or other minerals is discovered on said land or on acreage pooled therewith but Lessee is then engaged in drilling, reworking or other operations thereon, or if after the expiration of the primary term production should cease from any cause, this lease shall not terminate if Lessee commences additional operations within sixty days from the date of such cessation, or if Lessee resumes the payment or tender of rental or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of sixty days from the date of such cessation of production. If at any time after the expiration of the primary term oil, gas or other minerals is being produced from said land or acreage pooled therewith, Lessee shall be obligated to pay royalties as herein provided. In the event a well or wells producing or capable of producing oil or gas or other minerals should be brought in on adjacent land and within 330 feet of and draining the leased premises, or acreage pooled therewith, Lessee agrees to drill such wells as a prudent operator would drill under the same or similar conditions.

7. Lessee shall have the right at any time, during or after the operations on this lease, to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. Lessee will bury all pipe lines below ordinary plow depth and no well shall be drilled within two hundred (200) feet of any residence or barn now on said land without the consent of the Lessor. Lessee shall be responsible for all damages caused by Lessee's operations hereunder other than those reasonably caused by the exercise of the rights herein granted.

8. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns. No change or division in ownership of the land, rentals, royalties or other moneys payable or acting hereunder shall enlarge the obligations or diminish the rights of Lessee, and no change or division in ownership of the land, rentals, royalties or other moneys payable or acting hereunder shall be binding on Lessee until Lessee shall have been furnished by registered U.S. mail at its principal place of business with a certified copy of recorded instrument or instruments evidencing such change of ownership. In the event of the assignment of this lease in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a part or parts hereof who commits such breach. In the event of the death of any person entitled to rentals hereunder, Lessee may pay or tender such rentals to the credit of the deceased until such time as Lessee has received notice of the qualification of the executor or administrator of the estate of such deceased person, or in the absence of such qualification within one year from the death of such deceased person, then until Lessee is furnished with evidence satisfactory to Lessee of the ownership of the deceased, and the lease shall not expire during such time. If at any time two or more persons become entitled to participate in the rentals provided for herein, Lessee may pay or tender such rentals in the manner herein provided to the parties entitled thereto, or, at Lessee's election, the proportionate part of such rental to which each such person is entitled may be paid or tendered to Lessee in a separate check to each such participant. In the event of the death of any person entitled to rentals hereunder, and in the absence of a proper order of court, Lessee may pay or tender such rentals to the credit of such deceased person in the manner herein provided, and the lease shall not expire during such time. If any two or more persons become entitled to participate in the rentals

[illegible]

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 AND NO/100 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 leaseholds ownership severally 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.

STATE OF ALABAMA
SHELBY CO.
I CERTIFY THIS
FILED FOR RECORD
1982 MAR 12 AM 10:29
JUDGE OF PROBATE

Seybourn E. Hopper
SEYBOURN E. HOPPER SS# 5-11-40

Dortha M. Hopper
DORTHA M. HOPPER

Deed 1.00
Mortgage 2.00
Rec 10.00
Cert. 1.00
14.00

STATE OF ALABAMA

COUNTY OF SHELBY

I, the undersigned authority, A Notary Public in and for said County, in said State, hereby certify that SEYBOURN E. HOPPER AND WIFE DORTHA HOPPER whose name 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 25th day of FEBRUARY, A.D. 19 82.

James R. Jenkins
Notary Public in and for
STATE AT LARGE COUNTY

MY COMMISSION EXPIRES 1/18/85.