

is instrument prepared by: James A. Tucker  
308 15 Valley View  
Birmingham, Al. 35211

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 21st day of January 1962

Helen S. Smith, an unmarried woman;  
Coleman Smith and wife, Bonnie D. Smith

2244 Pine Crest Drive, Birmingham, Al. 35216  
MCCO PRODUCTIONS COMPANY, P. O. Box 50822, New Orleans, La.

Ten and more  
16.00 & more

Shelby County, Alabama

TOWNSHIP 18 SOUTH, RANGE 2 EAST

Section 5: NE of NW, less and except all that part of the NE of NW  
lying North and East of a farm road.

SE of NW.

Notwithstanding any provisions herein contained to the contrary, any royalty  
or delay rental payments due under the terms hereunder, said payments shall be  
made to Helen S. Smith only, either direct or to the depository named herein.

Notwithstanding any provisions herein contained to the contrary, this lease  
shall cover only oil, gas, gas derivations, helium, liquid hydrocarbons and  
sulfur and does not cover coal, iron ore, or any other minerals in, on, or  
under said lands.

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 now owned by Lessor  
to the land particularly described above, together with the same in and with other sections, grant or grants, or in addition to sections or grants, although not included within the boundaries

of the land particularly described above for the purpose of determining the amount of any royalty payment hereunder, the lands herein shall be treated as comprising 115 acres  
more or less, and in the event of a partial payment of royalty hereunder, the acreage or acreages of portion or portions of land be deemed to contain the number of acres as shown on the plat or plats

5 (Five)

The royalty to be paid by Lessee on oil and gas produced from said land, the same to be delivered at the well or to the credit of Lessor and its assigns, shall be computed as follows: (a) on oil, the royalty shall be the market value of the oil at the date of production, less the cost of production, and (b) on gas, the royalty shall be the market value of the gas at the date of production, less the cost of production.

Notwithstanding any provisions herein contained to the contrary, this lease shall cover only oil, gas, gas derivations, helium, liquid hydrocarbons and sulfur and does not cover coal, iron ore, or any other minerals in, on, or under said lands.

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13. The breach by Lessee of any obligation hereunder shall not work a forfeiture or termination of this lease nor be cause for cancellation hereof in whole or in part save as herein expressly provided. If the drilling of a well or wells is not commenced within ninety (90) days after the receipt of written notice by Lessor from Lessee specifically stating the breach alleged by Lessor with a copy of the notice to the drilling of one such 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 on or pooled hereunder, or as to the acreage so terminated by Lessee 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, Lessee shall not be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing in paying quantities.

14. Lessee 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 in so doing 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 right to the warranty in 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 Lessee shall be reduced proportionately to the interest of Lessor in said land and paid hereunder shall not impair the right of Lessor to reduce royalties. All royalty interest covered by this lease (whether or not owned by Lessor) shall be paid out of the proceeds hereof.

15. 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 an order, rule or regulation of governmental authority, then the obligation of Lessee 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 and as long as Lessee is prevented from complying with such covenant 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 not be counted against Lessee in computing the term of this lease, to the contrary notwithstanding.

16. 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 lease as to the full interests of the undersigned.

17. 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 all of the premises 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. After the expiration and passing 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, it shall be deemed that Lessee is accepting the offer in writing by mail or telegram prior to expiration of said 15 day period. Lessor shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor, and Lessee shall execute the same and deliver to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt of the new lease, Lessor shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessee'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 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 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.

Helen S. Smith  
(Helen S. Smith)

Coleman Smith  
(Coleman Smith)

Bonnie D. Smith  
(Bonnie D. Smith)

STATE OF ALA. SHELBY CO.

SO. SEC. NO.

I CERTIFY THIS INSTRUMENT WAS FILED

1982 MAR 12 AM 10:48

Thomas A. Shouder, Jr.  
NOTARY PUBLIC

STATE OF Alabama

COUNTY OF Jefferson

Deed 2.50  
Min. 5.75  
Rec. 10.50  
Int. 1.00  
19.75

I, the undersigned, A Notary Public in and for said County, in said State, hereby certify that Helen S. Smith, an unmarried woman; and Coleman Smith and wife, Bonnie D. Smith Whose name s 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 26<sup>th</sup> day of January, A.D. 19 82.

James A. Tucker  
Notary Public in and for

MY COMMISSION EXPIRES 6/18/85

State of Alabama at Large County