

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 24th day of July, A.D. 199.

PATRICIA McCRANIE AND HUSBAND, HAROLD McCRANIE

#1, 635.00
first

RT. 1, BOX 248, HARPERSVILLE, ALA. 35028
lessor (whether one or more) whose address is _____
and _____ AMOCO PRODUCTION COMPANY, P.O. BOX 50879, NEW ORLEANS, LA. 70150
TEN AND OTHER VALUABLE CONSIDERATIONS

1. Lessor is consideration of TEN AND OTHER VALUABLE CONSIDERATION,
(\$ 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 Lessor for the purpose of investigating, 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 thereon to produce, save, take care of, treat, transport and own said products, and housing its employees, the following described land in SHELBY County, Alabama, to wit:

TOWNSHIP 19 SOUTH RANGE 2 EAST

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SECTION 34: WEST 1/2 SE 1/4 OF NW 1/4: WEST 1/2

SECTION 2: WESI 1/2 SW 1/4 or NW 1/4, WSW 1/4, SWSW 1/4, less 2 acres in the SW1/4 less 2 acres in the SW/corner thereof and also less 1 acre in the SE/corner; all the S1/2 of SW1/4 of SE1/4 and all the S1/2 of SE1/4 of SW1/4 lying west of U. S. Highway No. 231, less and except the following two tracts, beginning at the SW/corner of the S1/2 of SE1/4 of SW1/4 and running North 420 feet to a point, thence East 210 feet to a point, thence South 210 feet to a point thence East 280 feet, more or less, to a point, thence West 702 feet to the point of beginning. Parcel No. 2 of less and except, begin at the intersection of the West line of Highway No. 231 and the south Section line, thence Northeasterly along said Highway 250 feet more or less, thence Northwesteasterly 185 feet, thence North-easterly 175, thence Southeasterly 185 feet, thence Southwesterly 175 feet, more or less, to the point of beginning.

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This lease does not cover coal, iron ore or any other hard 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 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 boundaries of the land herein described, the land herein shall be treated as comprising _____ 69 _____ acres.

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 _____ acres, 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 _____ acres, whether there be more or less, and in the event of a partial assignment of surrender hereunder, the assigned or surrendered portion or portions shall be deemed to contain the number of acres stated in such assignment or surrender.

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 whole lease shall terminate.
before such anniversary date lessee shall pay or tender to lessor or to the credit of lessor in FIRST NATIONAL, Bank at SYLACAUGA, ALA.
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 the rentals) the sum of
1000.00 /100 Dollars

~~(SIXTY-NINE AND NO/100)~~ ~~-----~~ ~~SIXTY-NINE AND NO/100 -----~~
~~\$ 69.00~~ (herein called rental), 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 of rental may be made by the check or draft of Lessor mailed or delivered to Lessor or to said bank on or before such date of payment. If such bank (or any successor bank) should fail, liquidate or be succeeded by another bank or for any reason fail or refuse to accept rental, Lessor shall not be held in default for failure to make such payment or tender of rental until thirty (30) days after Lessor shall deliver to Lessor a proper recordable instrument, naming another bank as agent to receive such payments or tenders. The down cash payment is consideration for this lease according to its terms and shall not be allocated as mere rental for a period. Lessor may at any time or times execute and deliver to Lessor or to the depository above named in 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 thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage so surrendered bears to the total acreage or released.

and thereby terminate this lease at or after production of oil, gas or other mineral, the production acreage covered hereby is reduced by said release or release.

6. If prior to discovery of oil, gas or other mineral on said land or on acreage pooled therewith Lessee should drill a dry hole or holes thereon, or if after discovery of oil, gas or other mineral, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within 60 days thereafter or if it be within the primary term, commences such operations within 60 days from date of completion of dry hole or cessation of production. If at any time subsequent to sixty (60) days prior to the beginning of the last year of the primary term and prior to the discovery of oil, gas or other mineral on said land or on acreage pooled therewith, Lessee should drill a dry hole thereon, no rental payment or operations are necessary in order to keep the lease in force during the remainder of the primary term. If at the expiration of the primary term, oil, gas or other mineral is not being produced on said land, or on acreage pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon or shall have completed a dry hole thereon within sixty (60) days prior to the end of the primary term, the lease shall remain in force so long as operations are prosecuted with no cessation of more than sixty (60) consecutive days, and if they resume the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. In the event a well or wells producing oil or gas is paying into the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from said land or acreage pooled therewith. Lessee agrees to drill such offset wells as a reasonable operator should be brought in on adjacent land and within one hundred fifty (150) feet of and draining the leased premises, or acreage pooled therewith. Lessee agrees to drill such offset wells as a reasonable

9. 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 obligation should require the drilling of a well or wells, Lessee shall have ninety (90) days after the receipt of written notices by Lessor from Lessor specifically stating the breach alleged by Lessor within which to begin operations for the drilling of any 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 on or producing oil or gas, to be selected 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, Lessor shall reasonably develop the acreage 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 oil, gas or other mineral 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, and in event 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 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. Failure of 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 royalty herein 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 therefrom by reason of scarcity 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, then while 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 and so 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 not 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 deferral rental payments made to Lessor as herein provided will fully protect this lease as to the full interests of the undersigned.

13. 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 any or all 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, Lessee hereby agrees to notify Lessor in writing of said offer immediately, including to 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 terms hereof, it shall so 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, along with Lessee's sight draft payable 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 thereof, 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.

STATE OF ALABAMA SHELBY CO. Deed Tax 150
CITY OF HOMER CERTIFY THIS
INSTRUMENT WAS FILED Mineral 345 Patricia McCranie
PAC 34 Rev 10%
1982 APR 21 AM 8:22
JUDGE OF PROBATE 15.95 Harold McCranie
33 JUDGE OF PROBATE 15.95 Harold McCranie
SS# [REDACTED]

BOOK

STATE OF ALABAMA

COUNTY OF SHELBY

I, the undersigned authority, A Notary Public in and for said County, in said State, hereby certify that

Patricia McCranie and husband, Harold McCranie

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 March, A.D. 1985.

MY COMMISSION EXPIRES 6/18/85.

James A. Judge
Notary Public in and for

State at Large County

ALABAMA