

489

31st

425 First Alabama Bank Building, Birmingham, AL 35203

I have in consideration of One Hundred and No/100

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A one-half (1/2) undivided interest as tenants in common in and to the following real estate:

The North one-half (N-1/2) of the Northeast quarter (NE-1/4) of Section Two (2), Township Twenty (20), Range Two (2) West.

Notwithstanding anything to the contrary hereinafter provided in the printed portion of this Lease, it is agreed and understood between the parties as follows:

- A. This Lease does not include or cover coal, iron ore or other hard rock minerals mined by the open pit or shaft method but is limited to oil, gas and related products.
- B. Lessor agrees that no testing shall occur and no well be drilled (i) in or within 50 feet of the boundaries of the lake located on said property at its fullest level during the year; (ii) within 200 feet of any residence now on said property; and (iii) that no access roads, building roads, power stations or other roads or structures shall be erected on said property without the prior approval of Lessor as to their location.
- C. Whenever the fraction $1/8$ appears in printed Paragraph 3, it shall be deemed to be the fraction of " $1/6$ ".
- D. This Lease shall be for a primary term of five (5) years from this date rather than the ten (10) years recited in printed Paragraph 2.

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 considerations 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 sections or sections, grant or grants, or in adjacent sections or grants, although not included with the land hereinafter particularly described above, for the purposes and considerations herein stated, eighty-one (81) per cent 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 eighty-one (81) per cent of the land particularly described above, 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.

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 mineral is produced in paying quantities from the lands with which said pool is pooled heretofore.

2. Subject to the other provisions herein contained, this lease shall be in full term of ten years from this date (unless primary term is extended by operations) and shall terminate on the expiration of the term herein provided, unless extended by operations.

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Lessor, 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 thereof, when, in Lessor's judgment it is necessary or advisable to do so in order properly to develop and operate said premises in compliance with any lawful spacing rules which may be prescribed for the field in which this acreage is situated by any duly authorized authority, or when to do so would, in the judgment of Lessor, promote the conservation of the oil and gas in and under and that may be produced from said premises; Lessor shall execute in writing an instrument identifying and describing the pooled acreage. The entire 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 or wells be located 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 or wells be located 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 or wells be located on production from the pooled unit, as if it were included in this lease.

The First National Bank at Birmingham

Eighty-One and No/100

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the lease shall terminate if, after the expiration of the primary term, no oil, gas or other mineral is produced from sand land or acreage pooled therewith in sufficient quantities to justify the expenditure of a reasonable amount of money to operate the lease and the lease is not being maintained in force by operations thereon or on acreage pooled therewith. 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 sand land or on acreage pooled therewith, Lessor 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 sand land, or on acreage pooled therewith, but Lessor 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 the cessation of the production of oil, gas or other mineral, so long thereafter as oil, gas or other mineral is produced from sand land or acreage pooled therewith. In the event a well or wells producing oil or gas in payment of production shall be brought in on adjacent land and within one hundred forty (140) feet of and abutting the leased premises, or acreage pooled therewith, Lessor agrees to drill such offset wells as are needed to maintain adequate wellhead under the same or similar circumstances.

5. 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 draw and remove all casing. When removal of casing would result under the same or similar circumstances

8. The rights of either party hereunder may be assigned to whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns, but no change in ownership of the premises or tenancy hereunder shall operate to enlarge the obligations or diminish the rights of Lessor, and no change in ownership shall be binding on Lessor until thirty (30) days after the change in ownership has been accomplished. Lessor shall have been furnished by registered U.S. mail at Lessor's potential place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment of the whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. In the event of the death of any person entitled to receive hereunder, Lessor may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessor is furnished with proper evidence of the appointment of an executor or administrator of the estate, or if there be none, then until Lessor is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased, and that all debts of the estate have been paid. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessor may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein or, at Lessor's election, the proportionate part of said rental to which each participant is entitled may be paid or tendered to him separately or to his separate credit or depository, and payment or tender to any participant of his portion of the rental hereunder shall constitute such lease as to such participant. In event of assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportionable as between the several leasedhold concerns sitably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasedhold owners hereunder. If two or more parties become entitled to rentals hereunder, Lessor may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating a person to receive payment for all.

9. The liability 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 notice by Lessor from Lessee 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 to do so 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, Lessee 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. 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 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 Lessee 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 Lessee) 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 war, acts of God, 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 against Lessee, anything in this lease to the contrary notwithstanding.

12. The undersigned Lessee, 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 this lease as to the full interests of the undersigned.

13. In the event that Lessee, during the primary term of this lease, receives a bona fide offer which Lessee is willing to accept from any party offering to purchase from Lessee 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 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 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 Lessee, 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 required draft to Lessee's representative or through Lessee's bank of record for payment.

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

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 ratable 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 ALA. SHELBY CO. Heitner 1.00
7 CERTIFY THIS
INSTRUMENT WAS FILED 7/2/82 2.03
1982 JUN 15 AM 11:04 Rec. 12.00
1.00
16.03
Thomas A. Shoultz, Jr.
JUDGE OF PROBATE

Eddie Leitman
EDDIE LEITMAN S.S. NO. [REDACTED]
Gayle Leitman
GAYLE LEITMAN
Jerry Leitman
JERRY LEITMAN
Marcia Leitman
MARCIA LEITMAN
Alex Leitman
ALEX LEITMAN
Freida Leitman
FREIDA LEITMAN

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, the undersigned authority, A Notary Public in and for said County, in said State, hereby certify that EDDIE LEITMAN and wife, GAYLE LEITMAN; JERRY LEITMAN and wife, MARCIA LEITMAN; and ALEX LEITMAN and wife, FREIDA LEITMAN

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 and he y executed the same voluntarily on the day the same bears date.

Given under my hand and Official Seal, this 8th day of June A.D. 19 82.

MY COMMISS [REDACTED] EXPIRES 8/27/85

Hinda L. Hand
Notary Public in and for

Jefferson County