

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 11th day of May 1982, between
Henry R. Ariail and
Marian R. Ariail, His Wife

Lessor (whether one or more) whose address is Route 1, Holly Ridge Farm, Sterrett, Alabama 35147
 and Amoco Production Company, Box 50879, New Orleans, La. 70150 Lessee (WHENSETT)

1. Lessor in consideration of ---Fifty Four and No/100--- Dollars
 (\$ 54.00)

to hand part of the royalties herein provided, and of the agreement of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee 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:

The Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ (SE $\frac{1}{4}$ of SW $\frac{1}{4}$), Section 21, Township 18 South, Range 1 East.

A parcel of land in the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$, Sec. 21, Township 18 S, Range 1 E, more particularly described as follows: Commence at the Southeast corner of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ said Section 21; thence run West on the South line of said $\frac{1}{4}$ - $\frac{1}{4}$ Section 1140.88 ft. to the southeast margin of County Road 43; thence turn an angle to the right of 125 deg. 20 min. 09 sec. and run along and with the SE margin of County Road 43 a distance of 1023.62 feet to the south margin of a gravel road; thence turn an angle of 74 deg. 36 min. 34 sec. to the right and run along said road, a distance of 170.37 ft.; thence turn an angle of 11 deg. 29 min. 33 sec. left, and run along said road, a distance of 202.30 ft.; thence turn an angle of 45 deg. 16 min. 08 sec. to the right, and run along said road a distance of 89.80 ft.; thence turn an angle of 27 deg. 02 min. 50 sec. to the right and run along said road, a distance of 65.72 ft.; thence turn an angle of 29 deg. 47 min. 00 sec. to the right, and run along said road, a distance of 137.53 ft.; thence turn an angle of 44 deg. 56 min. 00 sec. to the left, and run along said road a distance of 194.51 ft.; thence turn an angle of 57 deg. 53 min. 07 sec. to the left, and run along said road a distance of 96.28 ft., to the East line of the NE $\frac{1}{4}$ of the SW $\frac{1}{4}$ of said Sec. 21; thence turn South and run 288.89 feet along the East line of said $\frac{1}{4}$ - $\frac{1}{4}$ Sec. to the point of beginning.

This Lease does not cover nor include coal, iron ore or other hard rock minerals.

It is agreed and understood between Lessor and Lessee that wherever the fraction $\frac{1}{8}$ th appears in Paragraph 3 it is decreed to read $\frac{1}{6}$ th.

There will be no drilling operations below the high water line of the farm pond.

It is the intent 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 is 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 particularly described above. For the purpose of determining the amount of any money payment hereunder, the lands herein shall be treated as comprising Five 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.

2. Subject to the other provisions herein contained, this lease shall be for a term of Five 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 therefore prevailing for the field where produced on the date of purchase; in either case such interest to bear its proportion of any expense of treating unmarketable oil to render it marketable as crude; (b) on gas, one-eighth (1/8) of the market value at the well of the gas used by Lessee in operations not connected 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 realized at the well from such sales; (c) 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 all gas or components thereof used 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 no royalty payments thereon 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 within sixty (60) days prior to the expiration thereof, Lessee's rights may be extended beyond and after the primary term by the commencement, resumption or continuance of such payments at the rate and in the manner herein 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 considered as a fixed rental paying date, 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 free use of oil, gas, coal, wood 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.

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 immediate vicinity thereof, 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 lawful spacing rules which may be prescribed for the field in which this lease is situated by any duly authorized authority, or when to do so would, in the judgment of Lessee, promote the conservation of the oil and gas in and under and that may be produced from said premises. Lessee 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 the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis 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 on or before such anniversary date Lessee shall pay or tender to Lessor or to the credit of Lessor in First National Bank at Birmingham, 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 ---Fifty Four and no/100--- Dollars.

6. 54.00 (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 Lessee 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, Lessee 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 Lessee 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 a rental for a period. Lessee may at any time or times execute and deliver to Lessor or to the depository above named 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 thereafter the rentals payable hereunder shall be reduced in proportion that the acreage covered hereby is reduced by said release or releases.

7. 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 thereon 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 or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of 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 a period of 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 no such operations 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 well as a reasonably prudent operator would drill under the same or similar circumstances.

8. 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 required by Lessor, 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 Lessor's consent. Lessee shall be responsible for all damages caused by Lessee's operations hereunder other than damages necessarily caused by the exercise of the rights herein granted.

9. 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, but no change or division in ownership of the land, or rental or any dues, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee, and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment of interest in 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 rentals hereunder, Lessee may pay or tender such rentals to the credit of the deceased or the estate of the deceased until such time as Lessee is furnished with proper evidence of the appointment and qualifications of an executor or administrator of the estate, or if there be none, then until Lessee is furnished with evidence satisfactory to it as to the heirs or devisees of the deceased, and that all rents of the estate have been paid. If at any time two or more persons be entitled to participate in the rental payable hereunder, Lessee may pay or tender said rental jointly to such persons or to their joint credit in the depository named herein or, in Lessee'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 said depository and payment or tender to any participant of his portion of the rentals hereunder shall maintain this 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 leasehold owners ratable according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If two or more persons be entitled to royalty hereunder, Lessee may withhold payment of such royalty until furnished with a recordable instrument executed by all such persons designating an agent to receive payments.

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 case 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 Lessor shall be reduced proportionately to his interest. 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 lessor) shall be paid out of the royalty payments provided.

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 in any way affect the mortgage 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.

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

Henry E. Ariail

Henry E. Ariail

Marian R Arias

Marian R. Ariail

STATE OF ALA. SHELBY CO.

I CERTIFY THIS

STATEMENT WAS FILED

~~1982 JUN 17 AM 9:09~~

STATE OF Alabama

JUDGE OF PROBATE

COUNTY OF Shelby

Max E. White

_____, a Notary Public in and for said County, in said State, hereby certifies that

Henry E. Ariail and Marian R. Ariail

Whose name S are signed in the foregoing instrument, and

which are shown to me, and 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 was date

Given under my hand and seal of my office at this 26th day of May

• B. 10. 85

Notary Public in and for

Jefferson

Alabama at Large

WIFE'S SEPARATE ACKNOWLEDGEMENT

STATE OF

COUNTY OF

Notary Public in and for said County, in said State, do hereby certify that:

on the _____ day of _____, 19____, came before me the within named

known to me to be the wife of the within named

who being examined separate and apart from the husband, touching her signature to the within instrument, acknowledged that she signed the same of her own free will and accord, and without fear, constraints or threats on the part of her husband.

Given under my hand and Official Seal, this _____ day of _____ A. D. 18____

Notary Public in and for

Oil, Gas and Mineral Lease

15 JAN 1981

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Act. Actus

Act. Actus

Conclusions & Implications

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The instrument was filed for record in the

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Classification Table

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