

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 6th day of July, 1982

Glenn T. McCluskey Sr. and his wife, Glen Marie McCluskey

lessor (whether one or more), whose address is Box 44, Vandiver, Alabama 35176
and Amoco Production Company, P.O. Box 50879, New Orleans, La.

Ten and Other Valuable Consideration (\$10.00 & OVC)

Lessor, in consideration of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purpose and to the extent to be hereinafter set forth, together with the right to make use of said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, power lines, telephone lines, and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby, and other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Shelby State of Alabama and is described as follows:

TOWNSHIP 18 SOUTH, RANGE 1 EAST

Section 12: Beginning at a point 410 feet West and 210 feet North of the intersection of the North right-of-way of Highway # 43 and the West right-of-way of Highway #50; thence North 475 feet; thence West 830 feet; thence South 800 feet; thence East 680 feet; thence North 110 feet; thence West 425 feet; thence North 420 feet; thence East 370 feet; thence South 210 feet; thence West 150 feet; thence South 215 feet; thence East 210 feet; thence North 210 feet; thence East 165 feet to the point of beginning.

This lease does not cover coal, iron ore or any other hard rock minerals.

It is agreed and understood between the Lessor and the Lessee that wherever the term 1/8 appears in paragraph 3 below regarding the royalty which may be paid to the Lessor, this lease is amended to read 1/6.

It is further agreed and understood that the Lessee will begin no operations on the above described property without obtaining the prior written consent of the owner of the surface rights.

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This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain

12.0

acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights, and options hereunder

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and, if no operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees, (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ one-sixth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor, the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or the market, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil. (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas. (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine, at the market value, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land which is shut-in with which said land or any portion thereof has been pooled, capable of producing gas or any other mineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities for such well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this sub-paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing, or may be deposited to such parties' credit in

Central Bank of the South

Leeds, Alabama

or its successors, which shall continue as the depositories, regardless of change in the ownership of said land. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment hereunder, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as to be paid to the party entitled to receive payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the date of payment. Nothing herein shall impair lessor's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall be severally on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or utilize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portions of portions thereof, or mineral or horizons thereunder, so as to establish units containing not more than 80 surface acres plus 10% acreage tolerance, provided, however, a unit may be established or existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. The units are required, under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable, from any well to be drilled, drilled, or already drilled, any such unit may be established or enlarged, to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument of pooling, recording and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee from time to time, and whether before or after production has been established on said land or on the portion of said land included in the unit or on other land unitized therewith and any such unit may include any well to be drilled, being drilled or already completed. Any unit established hereunder shall be valid and effective for all purposes of this lease even though there may be land or mineral, royalty or leasehold interests in land within the unit which are not pooled or unitized. All operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land included in the unit, included in any such unit the proportion of the total production of unitized minerals from wells in the unit after deducting any used to lease or unit operations, which the number of surface acres in the unit covered by the lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment of shut-in royalty, overriding royalty, and any other payments out of production, to the entire production of unitized minerals from the portion of said land covered hereby, and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to the paragraph of this lease shall not become payable under this lease. Neither shall it impair the right of lessor to release from this lease all or any portion of said land, except that lessee may not so release as to lands with a unit established thereon for unitized minerals unless all pooled leases are released as to lands within the unit. Lessee may dissolve any unit established hereunder by filing for record in the public office in which this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. A unit may be so established, modified or dissolved during the life of this lease.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizons thereunder, and thereby relieved of all obligations as to the released acreage or interest.

6. This is a PAID-UP LEASE. In consideration of the down cash payment, Lessor agrees that Lessee shall not be obligated except as otherwise provided herein, to commence or continue any operations during the primary term. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in commercial quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right to remove and to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land with the exception of the lease. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

Handwritten:
H. H. Beckett
P.O. Box 375
Birmingham 38915

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalty, or other moneys or any part thereof, however effected, shall increase the obligation or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other notice or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same (howsoever effected) shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business (to be determined by the lessor or its successors or assigns, notice of such change or division supported by either originals or duly certified copies of the instruments which have been properly filed for record and which have been changed or divided, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. In the event a change in ownership occurs by reason of the death of the owner, lessee may, nevertheless, pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a deposit bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessor has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the liabilities alleged by lessor. The written notification shall be provided to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Notwithstanding any notice or the filing of any action by lessor aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. That it be asserted in any notice given to the lessee under the provisions of this paragraph that lessee has failed to comply with any implied obligation or covenant hereof, this lease shall not be subject to cancellation for any such cause except after final judicial ascertainment that such failure exists, and lessee has then been afforded a reasonable time to prevent cancellation by complying with and discharging its obligations to which lessee has been judicially determined to be in default. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well to allow for the operations to constitute a drilling or maximum allowable unit under applicable government regulations, (but in no event less than forty acres), such acreage to be designated by lessor as being a part of the unit of a separate contoured area at the well, or in such shape as then existing spacing rules require, and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall be deemed to have agreed to the terms of this lease as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any and all taxes or other taxes or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the right of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to assign for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby, and even though such assignment, lease or claim be invalid or adverse to lessor. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate heretofore contained herein specified or noted or no interest therein, then the royalties, and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty term provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 4 hereof, and lessor is not conducting operations on said land by reason of (1) any law, order, rule or regulation whether or not subsequently determined to be invalid; or (2) any other cause, whether similar or dissimilar to the foregoing, beyond the reasonable control of lessor, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such obstructions, and this lease may be extended thereafter by operations as if such delay had not occurred.

12. 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 volumes 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 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 lessor elect to purchase the lease pursuant to the terms hereof, it shall promptly, lessor 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, along with lessor's signed 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 lessor's representative or through lessor's bank of record for payment.

WITNESS WHEREOF, this instrument is executed on the date first above written

SS# [redacted]

Glenn T. McCluskey (SEAL)
Glenn T. McCluskey
Glen Marie McCluskey (SEAL)
Glen Marie McCluskey

THIS COPIA SHELBY CO. I RECEIVED THIS INSTRUMENT THIS DATE

1982 JUL 28 AM 10:53

Thomas G. Snowden, Jr.
JUDGE OF PROBATE

Seed .50
Mined .60
Rec. 10.00
Incl. 1.00
12.10

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JOINT OR SINGLE ACKNOWLEDGEMENT (MISSISSIPPI-ALABAMA-FLORIDA)

STATE OF ALABAMA
COUNTY OF SHELBY

Notary Public

I hereby certify, that on this day, before me, a _____ doth, authorized in the state and county aforesaid to take acknowledgments, personally appeared Glenn T. McCluskey and his wife, Glen Marie McCluskey

to me known to be the person s who are _____ described in and who executed the foregoing instrument and _____ t he y

acknowledged before me that being informed of the contents of the same, _____ t he y voluntarily signed and delivered the within and foregoing instrument on the day and year therein mentioned.

(Affix Seal) (Affix Seal) 7th day of JULY 1982

My commission expires 5/16/86 in and for STATE OF ALA. At Large

Date of	1982	at	
Day of	July	and filed recorded in	
Book		Page	
of the		records of this office	
is		Deposited	
at the		County Clerk,	
County of			
State of			
TO			
FROM			
Oil, Gas and Mineral Lease			