

OIL AND GAS LEASE

1983010500001680 Pg 1/7 00
Shelby Cnty Judge of Probate, AL
01/05/1983 00:00:00 FILED/CERTIFIED

RETURN TO
ARCO EXPLORATION COMPANY
LEASE PURCHASE UNIT
P. O. BOX 2819, DALLAS, TEXAS 75221

THIS AGREEMENT, made as of the 26th day of August, 1982, between

John M. Steadham, Sr. and his wife, Elva B. Steadham

of P. O. Box 53 Gainesville, Florida 32601

herein called Lessor (whether one or more), and ATLANTIC RICHFIELD COMPANY, A PENNSYLVANIA CORPORATION

of P. O. Box 2819 Dallas, Texas 75221

herein called Lessee:

WITNESSETH:

1. Lessor, in consideration of Ten Dollars (\$10.00), and other valuable consideration, cash in hand paid, receipt and sufficiency of which is hereby acknowledged, and of the royalties, and agreements of the Lessee, herein provided, hereby grants, leases and lets exclusively unto Lessee, for purposes of investigating, exploring by geophysical and other methods, prospecting, drilling and operating for and producing oil, gases (including without limitation casinghead gas, casinghead gasoline, gas condensate (distillate), hydrogen sulphide gas, helium and any other gas, whether combustible or not), liquid hydrocarbons and associated products, whether in gaseous, solid or liquid state, by any method, including, but not limited to, natural flow, acidizing, fracturing, combustion, steam soak, steam flood, water flood, oil flood, and for injection of any substance; laying, constructing and maintaining pipelines, storing oil, and building tanks, ponds, power stations, roads, electric lines, telephone lines, and other structures upon said land to produce, save, treat, process and transport any product produced or made therefrom, the following described land (herein referred to as "said land")

situated in Shelby County, State of Alabama, to-wit:

SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF FOR ALL PURPOSES.

said land being estimated to comprise 692.40 acres, whether more or less, which acreage figure may be relied upon by Lessee in calculating rental or other payments hereunder.

Notwithstanding the above specific description, it is nevertheless the intention of Lessor to include within this lease, and Lessor does hereby lease, all lands owned or claimed by Lessor up to the boundaries of any abutting landowner, together with any and all of Lessor's interest in any lands underlying lakes, streams, roads, easements and rights-of-way which cross or adjoin the said land, including all land added thereto by accretion.

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 as long thereafter as 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 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 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 storage tanks, 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, including casinghead gas or other gaseous substances, produced from said land and sold or used off the premises for the extraction of gasoline or other product therefrom, one-eighth of the market value computed at the mouth of the well of the gas so sold or used; provided that on gas sold by Lessee the market value shall not exceed the cash proceeds received by the Lessee for such gas computed at the mouth of the well, and on gas sold at the well the royalty shall be one-eighth of the cash proceeds realized by Lessee from such sale. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands 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 other than 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 the amount of annual delay rental provided for in this lease. 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 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, and may be deposited in a depository bank provided for below. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In event of assignment of this lease and in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each. If the price of any mineral or substance upon which royalty is payable hereunder is regulated by any law or governmental agency, the market value or market price of such mineral or substance for the purpose of computing royalty hereunder shall not be in excess of the price which Lessee may receive and retain.

4. Lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this lease as to any or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon 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 an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are prescribed or permitted under any governmental rule or order for the drilling or operation of a well at a regular location, or for the obtaining of a maximum allowable, from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size prescribed or permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit 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 either 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. A 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. Any 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 covered by this lease included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this 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 or delivery of royalty, overriding royalty, and any other payments out of production, to be 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 this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of such unit shall not have the effect of changing the ownership of any delay rental or shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations 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 where 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. If operations are not conducted on said land on or before the first anniversary date hereof, this lease shall terminate as to both parties, unless lessee on or before said date shall, subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the Sun Bank

Bank at Gainesville, Florida 32602

or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of

\$ 692.40, which shall operate as delay rental and cover the privilege of deferring operations for one year from said date. In like manner and upon like payments or tenders, operations may be further deferred for like periods of one year each during the primary term. If at any time that lessee pays or tenders delay rental, royalties, or other moneys, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such rental, royalties, or moneys, in the manner herein specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to lessor or to a depository bank on or before the last date of payment. Said delay rental shall be apportionable as to said land on an acreage basis, and a failure to make proper payment or tender of delay rental as to any portion of said land or as to any interest therein shall not affect this lease as to any portion of said land or as to any interest therein as to which proper payment or tender is made. Any payment or tender which is made in an attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depository, shall nevertheless be sufficient to prevent termination of this lease and to extend the time within which operations may be conducted in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof from lessor. 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 mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest. If this lease is so released as to all minerals and horizons under a portion of said land, the delay rental and other payments computed in accordance therewith shall thereupon be reduced in the proportion that the acreage released bears to the acreage which was covered by this lease immediately prior to such release.

SEE EXHIBIT "B" FOR FURTHER PROVISIONS OF THIS LEASE. 1/15/81-8/31/81

x Elva B. Steadham
Elva B. Steadham

This instrument was prepared by Stephen E. Hasha Address P. O. Box 35290, Houston, Texas 75221

EXHIBIT "A"

Attached to and by reference made a part of that certain Oil and Gas Lease made and entered into by and between John M. Steadham, Sr. and his wife, Elva B. Steadham, as Lessor, and ATLANTIC RICHFIELD COMPANY, A PENNSYLVANIA CORPORATION, as Lessee, under date of August 26, 1982, to-wit:

Being 692.40 acres, more or less, and described as Schedule "A", Schedule "B", and Schedule "C", Shelby County, Alabama, to-wit:

SCHEDULE "A"

Being 399.00 acres, more or less, and described in Eight (8) Tracts, situated in Township 24 North, Range 13 East; Township 22 South, Range 2 West; and Township 21 South, Range 2 West; Shelby County, Alabama:

TRACT (1) TOWNSHIP 24 NORTH, RANGE 13 EAST, SECTION 2:

The NW $\frac{1}{4}$ SW $\frac{1}{4}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From Willie L. Chambless and her husband, C. O. Chambless, and J. O. Anderson and his wife, Mary E. Anderson to E. G. Ellison and wife, Carolyn Ellison, dated April 26, 1946, and recorded in Deed Book 126, Page 84, containing 40.00 acres, more or less.

DEED (2) From J. O. Anderson and his wife, Mary E. Anderson to C. O. Chambless, dated June 3, 1954, and recorded in Deed Book 167, Page 250, and also described in Correction Deed dated April 22, 1955, and recorded in Deed Book 172, Page 483.

TRACT (2) TOWNSHIP 24 NORTH, RANGE 13 EAST, SECTION 10:

The SW $\frac{1}{4}$ NE $\frac{1}{4}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From J. O. Anderson and wife, Mary E. Anderson, and Willie L. Chambless and husband, C. O. Chambless to Carl Ralph Jones, dated February 27, 1945, and recorded in Deed Book 121, Page 175, containing 120.00 acres, more or less.

DEED (2) From J. O. Anderson and his wife, Mary E. Anderson to C. O. Chambless, dated June 3, 1954, and recorded in Deed Book 167, Page 250, and also described in Correction Deed dated April 22, 1955, and recorded in Deed Book 172, Page 483.

SAVE AND EXCEPT 80.00 acres, more or less, described in Deed dated June 3, 1954 from C. O. Chambless to J. O. Anderson, and recorded in Deed Book 167, Page 318.

TRACT (3) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 20:

A part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From Willie L. Chambless and husband, C. O. Chambless, and J. O. Anderson and wife, Mary E. Anderson to Lee James Melton and Josie Melton, dated November 2, 1945, and recorded in Deed Book 123, Page 104, containing 5.00 acres, more or less.

DEED (2) From J. O. Anderson and his wife, Mary E. Anderson to C. O. Chambless, dated June 3, 1954, and recorded in Deed Book 167, Page 250, and also described in Correction Deed dated April 22, 1955, and recorded in Deed Book 172, Page 483.

TRACT (4) TOWNSHIP 21 SOUTH, RANGE 2 WEST, SECTION 27:

The SE $\frac{1}{4}$ SE $\frac{1}{4}$; the N $\frac{1}{2}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$; the SW $\frac{1}{4}$ SW $\frac{1}{4}$ SE $\frac{1}{4}$; and the N $\frac{1}{2}$ SE $\frac{1}{4}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From Twin Oaks Land Company, a corporation to Gulf States Paper Corporation, dated March 22, 1938, and recorded in Deed Book 104, Page 374, containing 150.00 acres, more or less.

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DEED (2) From J. O. Anderson and his wife, Mary E. Anderson to C. O. Chambless, dated June 3, 1954, and recorded in Deed Book 167, Page 250, and also described in Correction Deed dated April 22, 1955, and recorded in Deed Book 172, Page 483.

TRACT (5) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 2:

The E $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$.

and being the same lands described in Deed dated November 25, 1936 from C. O. Chambless and his wife, Willie L. Chambless to Walter Williams, and recorded in Deed Book 100, Page 207, containing 20.00 acres, more or less.

TRACT (6) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 2:

All that part of the E $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, lying South of the Shelby Springs and Elton dirt road.

and being the same lands described in Deed dated March 17, 1937 from C. O. Chambless and his wife, Willie L. Chambless to Lee Kennedy, and recorded in Deed Book 100, Page 515, containing 20.00 acres, more or less.

TRACT (7) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 10:

The N $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From Twin Oaks Land Company, a corporation to Kermit Todd, dated August 10, 1937, and recorded in Deed Book 109, Page 346, containing 20.00 acres, more or less.

DEED (2) From J. O. Anderson and his wife, Mary E. Anderson to C. O. Chambless, dated June 3, 1954, and recorded in Deed Book 167, Page 250, and also described in Correction Deed dated April 22, 1955, and recorded in Deed Book 172, Page 483.

TRACT (8) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTIONS 2 and 3:

Section 2: All that part of the W $\frac{1}{2}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$, lying South of the Shelby Springs and Elton dirt road; all that part of the W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, lying South of the Shelby Springs and Elton dirt road; also, two (2.00) acres, more or less, in the W $\frac{1}{2}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$, lying North of the Shelby Springs and Elton dirt road.

Section 3: The E $\frac{1}{2}$ NE $\frac{1}{4}$.

and being the same lands described in Five (5) Deeds, to-wit:

DEED (1) From C. O. Chambless and his wife, Willie L. Chambless to M. E. Smith and Cornelia J. Smith, dated March 23, 1937, and recorded in Deed Book 120, Page 451, containing 22.00 acres, more or less.

DEED (2) From C. O. Chambless and his wife, Willie L. Chambless to Arther Miller, dated March 1, 1937, and recorded in Deed Book 100, Page 309, containing 20.00 acres, more or less.

DEED (3) From C. O. Chambless and his wife, Willie L. Chambless to Frank Rice, dated March 16, 1937, and recorded in Deed Book 100, Page 435, containing 20.00 acres, more or less.

DEED (4) From C. O. Chambless and his wife, Willie L. Chambless to Jacob Johnson, dated March 11, 1937, and recorded in Deed Book 100, Page 310, containing 22.00 acres, more or less.

DEED (5) From C. O. Chambless and his wife, Willie L. Chambless to Howard Martin and Annie Martin, dated April 7, 1937, and recorded in Deed Book 100, Page 333, containing 20.00 acres, more or less.

SAID LANDS IN SCHEDULE "A" BEING ESTIMATED TO COMPRISE 399.00 ACRES, MORE OR LESS.

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SCHEDULE "B"

Being 82.40 acres, more or less, and described as Three (3) Tracts, situated in Township 22 South, Range 2 West; and Township 21 South, Range 2 West; Shelby County, Alabama:

TRACT (1) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTIONS 18 and 19:

Section 18: A part of the E $\frac{1}{2}$ SE $\frac{1}{4}$.

Section 19: A part of the NE $\frac{1}{4}$ NE $\frac{1}{4}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From Willie L. Chambless and husband, C. O. Chambless, and J. O. Anderson and wife, Mary E. Anderson to Carrie Lee Skipper, dated September 21, 1948, and recorded in Deed Book 136, Page 136, and also described in Correction Deed dated August 1, 1949, and recorded in Deed Book 141, Page 19, containing 2.40 acres, more or less.

DEED (2) From J. O. Anderson and wife, Mary E. Anderson, and W. L. Chambless and her husband, C. O. Chambless to Loyd O. Robinson and Maud Robinson, dated August 1, 1949, and recorded in Deed Book 141, Page 20, containing 20.00 acres, more or less.

TRACT (2) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 2:

That part of the W $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$, lying North of the road.

and being the same lands described in Deed dated July 6, 1957 from J. O. Anderson and wife, Mary E. Anderson and C. O. Chambless, an unmarried man to Edgar Garner, and recorded in Deed Book 189, Page 417, containing 20.00 acres, more or less.

TRACT (3) TOWNSHIP 21 SOUTH, RANGE 2 WEST, SECTION 27:

The SE $\frac{1}{4}$ NW $\frac{1}{4}$.

and being the same lands described in Deed dated September 8, 1953 from C. O. Chambless, a widower to J. O. Anderson and C. O. Chambless, executor of will of Willie L. Chambless, deceased, and recorded in Deed Book 178, Page 176, containing 120.00 acres, more or less.

SAVE AND EXCEPT:

1. 30.00 acres, more or less, and described in Deed dated October 27, 1953 to R. J. Maybry, and recorded in Deed Book 178, Page 175.
2. 50.00 acres, more or less, and described in Deed dated October 27, 1953 to R. J. Maybry, and recorded in Deed Book 163, Page 324.

SAID LANDS IN SCHEDULE "B" BEING ESTIMATED TO COMPRISE 82.40 ACRES, MORE OR LESS

SCHEDULE "C"

Being 211.00 acres, more or less, and described as Seven (7) Tracts, situated in Township 22 South, Range 2 West, Shelby County, Alabama:

TRACT (1) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 2:

The W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$; the W $\frac{1}{2}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$; the E $\frac{1}{2}$ NE $\frac{1}{4}$ NW $\frac{1}{4}$; and that part of the E $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, lying North of the Shelby Springs and Elton dirt road.

and being the same lands described in Three (3) Deeds, to-wit:

DEED (1) From Twin Oaks Land Company, a corporation to Ed Jenkins, dated April 17, 1937, and recorded in Deed Book 121, Page 576, containing 20.00 acres, more or less.

DEED (2) From Twin Oaks Land Company, a corporation to Rosie Lee Mays, dated May 6, 1937, and recorded in Deed Book 102, Page 525, containing 21.00 acres, more or less.

DEED (3) From Twin Oaks Land Company, a corporation to Fred Flanigan, dated April 30, 1937, and recorded in Deed Book 102, Page 501, containing 22.00 acres, more or less.

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TRACT (2) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 3:

That part of the $E\frac{1}{2}E\frac{1}{2}NW\frac{1}{4}NE\frac{1}{4}$, lying North of Shelby Springs and Elyton dirt road.

and being the same lands described in Deed dated April 24, 1937 from Twin Oaks Land Company, a corporation to D. C. Curry, and recorded in Deed Book 102, Page 524, containing 10.00 acres, more or less.

TRACT (3) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 20:

A part of the $W\frac{1}{2}NW\frac{1}{4}$.

and being the same lands described in Deed dated August 29, 1938 from Twin Oaks Land Company, a corporation to Sam Jackson, and recorded in Deed Book 105, Page 214, containing 20.00 acres, more or less.

TRACT (4) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 20:

A part of the $W\frac{1}{2}NW\frac{1}{4}$.

and being the same lands described in Deed dated December 16, 1937 from Twin Oaks Land Company, a corporation to Will Scott, and recorded in Deed Book 103, Page 517, containing 20.00 acres, more or less.

TRACT (5) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 18:

A part of the $E\frac{1}{2}E\frac{1}{2}$.

and being the same lands described in Two (2) Deeds, to-wit:

DEED (1) From Twin Oaks Land Company, a corporation to Raven Ethel Griffin, dated December 28, 1937, and recorded in Deed Book 112, Page 557, containing 20.00 acres, more or less.

DEED (2) From Twin Oaks Land Company, a corporation to Willie Peels, dated April 22, 1941, and recorded in Deed Book 113, Page 570, containing 20.00 acres, more or less.

TRACT (6) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 10:

The $S\frac{1}{2}SW\frac{1}{4}NW\frac{1}{4}$.

and being the same lands described in Deed dated April 27, 1953 from J. O. Anderson and wife, Mary E. Anderson, and Willie L. Chambless and husband, C. O. Chambless to Tommie and Allean Pitts, and recorded in Deed Book 160, Page 196, and also described in Quit Claim Deed dated May 15, 1958 from C. O. Chambless, a widower and J. O. Anderson and wife, Mary E. Anderson to Tommie Pitts and wife, Allean Pitts, and recorded in Deed Book 194, Page 162, containing 20.00 acres, more or less.

TRACT (7) TOWNSHIP 22 SOUTH, RANGE 2 WEST, SECTION 2:

That part of the $NW\frac{1}{4}NW\frac{1}{4}$, lying North of the Shelby Springs and Elton dirt road, except 2.00 acres heretofore sold to Smith.

and being the same lands described in Deed dated December 22, 1952 from J. O. Anderson and wife, Mary E. Anderson, and Willie L. Chambless and husband, C. O. Chambless to Curtis Ellis, and recorded in Deed Book 158, Page 341, containing 38.00 acres, more or less.

SAID LANDS IN SCHEDULE "C" BEING ESTIMATED TO COMPRISE 211.00 ACRES, MORE OR LESS.

SAID LANDS IN SCHEDULE "A", SCHEDULE "B", AND SCHEDULE "C" BEING ESTIMATED TO TOTALLY COMPRISE 692.40 ACRES, MORE OR LESS.

SIGNED FOR IDENTIFICATION

x John M. Steadham, Sr.
John M. Steadham, Sr.

x Elva B. Steadham
Elva B. Steadham

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EXHIBIT "B"

Attached to and by reference made a part of that certain Oil and Gas Lease made and entered into by and between John M. Steadham, Sr. and his wife, Elva B. Steadham, as Lessor, and ATLANTIC RICHFIELD COMPANY, A PENNSYLVANIA CORPORATION, as Lessee, under date of August 26, 1982, to-wit:

Notwithstanding anything contained herein to the contrary, this is a paid up lease and no rentals are due during the term contained herein; the rental paragraph 5 is completed for the payment of shut in gas royalty, should the shut in gas royalty become payable.

Notwithstanding anything contained herein to the contrary, 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 and accumulated delay rentals, the sum of Sixteen Dollars, (\$16.00) per acre for each acre renewed, on or before the expiration 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 and abandoned, payment or tender may be made within thirty (30) days from the date on which the well is plugged and abandoned. Payment or tender of the renewal bonus and accumulated delay rentals may be made in the same manner and into the same depository provided for the payment of delay rental. Should this option be exercised and the primary term extended as herein provided, Lessor agrees that no delay rental payments shall be required to maintain his lease during the extended primary term. 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 event of 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 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 released and the acreage renewed and extended.

Lessor hereby warrants and agrees to defend the title to said lands as against all persons, firms, agencies or corporations claiming by, through or under it but not otherwise and agrees that Lessee, at its option, may discharge any tax, mortgage or other lien upon said lands, either in whole or in part, and in the event Lessee does so, it shall subrogate to such lien with rights to enforce same and apply rentals and royalties accruing hereunder towards satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that if Lessor owns an interest in, and/or holds the executive leasing rights with respect to the oil, gas or minerals on, in or under said lands less than the entire fee simple estate, then the royalties and delay rentals to be paid to the Lessor shall be reduced proportionately.

SIGNED FOR IDENTIFICATION

1983 JAN -5 PM 3:06
Seed tax. 350
Mineral 34.62
Rec. 35.00
Ind. 1.00
7412

John M. Steadham, Sr.

Elva B. Steadham