

407

STATE OF ALABAMA

SHELBY COUNTY

CONVEYANCE OF MINERAL RIGHTS
AND ASSIGNMENT OF INTEREST IN
OIL AND GAS LEASE

THIS AGREEMENT made this 13th day of January, 1983 by and between THOMAS H. WARE and wife, BETTY C. WARE; and HOYT E. WILLS and wife, MARIE M. WILLS (hereinafter referred to as "Transferrors") and EDWARD L. OSBORN and wife, MILDRED OSBORN (hereinafter referred to as "Transferrees):

WHEREAS: Transferrors are the owners of the mineral rights to the property described in the attached Exhibit "A", and;

WHEREAS, the rights to oil and gas are subject to an oil and gas lease in favor of Amoco Production Company of New Orleans, Louisiana, (hereinafter called "Amoco"), which lease provides among other things that Transferrors are to receive a royalty of one-eighth (1/8) of the oil produced and saved from the land and one-eighth (1/8) of the market value at the well of gas used by Lessee and one-eighth (1/8) of the amount realized at the well from sales of gas; and,

WHEREAS, Transferrees are purchasing the property described in the attached Exhibit "A" and desire to acquire an interest in the mineral rights to such property and an interest in the benefits of the oil and gas lease in favor of Amoco; and,

WHEREAS, Transferrors desire to transfer and convey an interest in the mineral rights in said subject property and to transfer an interest in the oil and gas lease in favor of Amoco.

NOW, THEREFORE, in consideration of the agreement by the Transferrees to purchase the property described in Exhibit "A" (pursuant to the terms of a separate real estate contract executed between the parties) and in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties do hereby agree as follows:

1. Transferrors do hereby grant, bargain, transfer, sell and convey unto Transferrees a one-half (1/2) interest in the mineral rights which they

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own in the subject property which is described in the attached Exhibit "A", said exhibit being incorporated herein as if it were set forth in full.

2. Transferrors do further sell, transfer, convey and assign a onehalf (1/2) interest in their benefits in the oil, gas and mineral lease executed between Transferrees and Amoco Production Company on November 24, 1981 to the extent said lease pertains to the approximately 52.35 acres described in the attached Exhibit "A". A copy of said oil, gas and mineral lease is attached hereto and incorporated by reference herein. Said lease specifically provides that it does not cover coal, iron ore or other hard rock minerals.

3. It is the intention of the parties that by this assignment of an interest in the lease that the rights of Amoco Production Company shall not be increased nor diminished nor shall its obligations be enlarged.

4. It is the intention of the parties that by assignment of a one-half interest (1/2) to the Transferrees in the oil and gas lease, as it pertains to the subject property, that any consideration received from the Lessee, including, but not limited to, advance royalties, bonuses, or production royalties, shall be split equally between the Transferror and the Transferree in regard to the approximately 52.35 acres described in the attached Exhibit "A". The Transferree shall be entitled to one-half (1/2) of all consideration paid for any oil and gas taken from beneath the property described in Exhibit "A", whether the operating well is located on the property described on Exhibit "A" or on adjacent property.

5. It is understood by the parties that the lease with Amoco Production Company does not cover coal, iron ore or other hard rock minerals. Any consideration received from any source whatsoever in regard to a lease or sale of coal, iron ore or other hard rock minerals shall be split equally between the parties. Transferree shall be given the sole right to negotiate any lease or sale of the coal, iron ore, or other hard rock minerals beneath the surface of the property described in the attached Exhibit "A" and the Transferrors agree to be bound by the terms of any such mineral lease so long as they receive one-half of the consideration paid under any such mineral lease.

6. Transferrees do agree to be bound by the terms and provisions of

the oil and gas lease with Amoco Production Company, except that by taking assignment in a percentage of said lease, Transferrees do not grant Amoco any rights in any lands owned or claimed by Transferrees adjacent or contiguous to the land described in the attached Exhibit "A".

In the event any court of law should determine that by taking a partial assignment in the lease made the basis of this agreement, that Transferrees have granted Amoco any rights in any contiguous or adjacent land owned by Transferrees, Transferrees may elect to rescind this agreement as it pertains to the assignment of rights to oil and gas or any rights in the oil and gas lease and the provisions pertaining thereto shall be void. Such recission shall not effect Transferrees rights to the minerals other than oil and gas.

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

TRANSFERRORS:

Thomas H. Ware
THOMAS H. WARE

Betty C. Ware
BETTY C. WARE

HOYT E. WILLS
HOYT E. WILLS

Marie M. Wills
MARIE M. WILLS

TRANSFERREES:

Edward L. Osborn
EDWARD L. OSBORN

Mildred Osborn
MILDRED OSBORN

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that THOMAS H. WARE and wife, BETTY C. WARE, 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 this instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 13th day of January,
1983.

Lance Brasher
Notary Public

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that HOYT E. WILLS and wife, MARIE M. WILLS, 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 this instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 13th day of January,
1983.

Lance Brasher
Notary Public

STATE OF ALABAMA
JEFFERSON COUNTY

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that EDWARD L. OSBORN and wife, MILDRED OSBORN, 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 this instrument, they executed the same voluntarily on the day the same bears date.

Given under my hand and official seal this 13th day of January,
1983.

Lance Brasher
Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION:

A tract of land located in Section 4, Township 21 South, Range 2 West, Shelby County, Alabama, more particularly described as follows: Begin at the Southeast corner of the Southwest Quarter of the Northeast Quarter of Section 4, Township 21 South, Range 2 West, Shelby County, Alabama; thence Northerly along the East line of said Southwest Quarter of Northeast Quarter and an extension thereof 1,437.09 feet, more or less, to the centerline of an abandoned railroad grade; thence 88 deg. 22' 30" left, Westerly along said centerline 246.66 feet; thence 6 deg. 41' 30" right along said centerline 137.30 feet; thence 17 deg. 22' 30" left along said centerline 361.15 feet; thence 16 deg. 36' left along said centerline 273.62 feet; thence 6 deg. 39' left along said centerline 302.05 feet; thence 18 deg. 31' right along said centerline 246.70 feet; thence 18 deg. 53' 30" right along said centerline 302.71 feet; thence 7 deg. 01' right along said centerline 88.01 feet; thence 62 deg. 09' 30" left, leaving said railroad grade, 299.13 feet; thence 55 deg. 11' left, Southeasterly, 788.45 feet to the South line of the North Half of said Section 4, Township 21 South, Range 2 West, thence Easterly along said line 177.8 feet, more or less, to the point of beginning. EXCEPTING a 30-foot strip of land on the South side of the centerline of above mentioned railroad grade. According to survey of James H. Seale, Registered Land Surveyor, dated October 27, 1982. MINERALS AND MINING RIGHTS EXCEPTED.

Subject to easements, rights of way, and restrictions of record.

Situated in Shelby County, Alabama.

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Schedule A Page 2 No. BC 602157

OIL, GAS AND MINERAL LEASE

24 th

NOVEMBER

81

THIS AGREEMENT made this

day of

between

THOMAS H. WARE, and wife, BETTY C. WARE; and HOYT E. WILLS, and wife, MARIE M. WILLS

2300 TETON RD., BIRMINGHAM, ALA.; AND 3305 BLUE BELL LANE, BIRMINGHAM, ALA.

Lessor (whether one or more) whose address is

and AMOCO PRODUCTION COMPANY, P.O. BOX 50879, NEW ORLEANS, LOUISIANA 70150

Lessor, WITNESSETH:

1. Lessor in consideration of **TEN AND OTHER VALUABLE CONSIDERATIONS**

Dollars

(\$ **10.00 and OVC**) in hand paid, of the royalties herein provided, and of the agreement of Lessor 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 use said products, and employing its employees, the following described land to **SHELBY** County, Alabama, to-wit:

FOR DESCRIPTION SEE EXHIBIT "A"

THIS LEASE DOES NOT COVER COAL, IRON ORE, OR OTHER HARD ROCK 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 particularly described above. For the purpose of determining the amount of any money payment hereunder, the lands herein shall be treated as comprising **566.15** acres, whether there be more or less, and in the event of a partial assignment of 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 well or to the credit of Lessee 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 nonmarketable 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 and 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 on sulphur mined and marketed, the royalty shall be fifty cents (50c) per long ton. In the event that any well on the land or on property pooled therewith (or with any part thereof) is capable of producing oil or gas or gaseous substances in paying quantities but such minerals are not being produced, then Lessee's rights may be maintained, in the absence of production or drilling operations, by commencing or resuming rental payments (herein sometimes referred to as shut in gas payments) as hereinafter provided in paragraph 4. 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, sand 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, Lessee 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 Lessee or to the credit of Lessee in **1st ALABAMA** Bank at **HOOVER, ALABAMA** Alabama (which bank and its successors are Lessee'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**FIVE HUNDRED SIXTY SIX AND 15/100**

Dollars

(\$ **566.15**)

(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 Lessee 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 Lessee 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 more rental for a part. 4. Lessee may at any time or times execute and deliver to Lessee 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 the proportion that the acreage covered hereby is reduced by said release or releases.

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 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 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 result in 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 in paying quantities 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 reasonably prudent operator would drill under the same or similar circumstances.

7. 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 Lessee, 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 Lessee'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.

8. 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, rentals or royalties, 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 a recorded instrument or instruments evidencing same. In the event of assignment hereof 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 debts 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, at 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 in 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 fractional owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other fractional owners hereunder. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

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COPY

EXHIBIT "A"

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Shelby Cnty Judge of Probate, AL
01/13/1983 00:00:00 FILED/CERTIFIED

TOWNSHIP 21 SOUTH, RANGE 2 WEST

SECTION 4: All of the Northeast Quarter (NE/4).

The East Half of the Northwest Quarter (E/2 of NW/4) less and except a tract of land located in the East half of the Northwest quarter of Section 4, T 21 S, R 2 W, Shelby County, Alabama, more particularly described as follows:

Commence at the Northwest corner of the East half of the Northwest Quarter of Section 4; thence Southerly along the West line of the East half of the Northwest Quarter of said Section 253.24 feet to point of beginning of tract of land herein described. Thence, continue along the last mentioned course 1724.90 feet to the Southwest corner of the North half of the Southeast Quarter of the Northwest Quarter of Said Section, thence 87° 18' 18" left Easterly along the South line of said North half of the Southeast Quarter of the Northwest Quarter a distance of 631.92 feet, thence 112° 28' 52" left Northwesterly 1864.70 feet to the point of beginning; containing 12.5 acres, more or less.

TOWNSHIP 20 SOUTH, RANGE 2 WEST

SECTION 32: All of the Northeast Quarter of the Southwest Quarter (NE/4 of SW/4) lying Northwest (NW) of a diagonal line running from the Southwest (SW) corner of said Quarter-Quarter to the Northeast (NE) corner of said Quarter-Quarter less and except a tract conveyed to J. Curry Smith and recorded in Book 278, Page 417, and a tract conveyed to Roy Ash and recorded in Book 283, Page 836 in the Probate Office of Shelby County, Alabama. The above described tract contains 15.8 acres, more or less.

Also all that part of the Southeast Quarter (SE/4) of the Southwest Quarter (SW/4) lying East of a paved road and South of an East-West line beginning 830 feet South along the Quarter Section line from the Northeast (NE) corner of said Quarter-Quarter less and except a tract conveyed to R.V. Smith and recorded in Book 312, Page 872, in the Probate Office of Shelby County, Alabama. The above described tract contains 4 acres, more or less.

SECTION 33: All of the Southeast Quarter (SE/4).

All of the North half of the Southwest Quarter (N/2 of SW/4).

The Southeast Quarter of the Southwest Quarter (SE/4 of SW/4) and 8.85 acres in the Southwest Quarter of the Southwest Quarter (SW/SW) of Section 33, T 20, R 2 W and in the Northwest Quarter of the Northwest Quarter (NW/NW) of Section 4, T 21, R 2 W, more particularly described as follows: Begin at the Northeast corner of the Northwest Quarter of the Northwest Quarter of Section 4, T 21, R 2 W, thence Southerly along the East line of said Quarter-Quarter Section 253.24 feet, thence 160° 12' 50" right in a Northwesterly direction 995.33 feet, thence Northerly parallel to the East line of the Southwest Quarter of the Southwest Quarter of Section 33, T 20, R 2 W 651.0 feet more or less to the North line of said Southwest Quarter of the Southwest Quarter, thence Easterly along the North line of said Southwest Quarter of the Southwest Quarter 348.0 feet, more or less, to the Northeast corner of said Southwest Quarter of the Southwest Quarter, thence Southerly along the East line of said Quarter-Quarter 1318.81 feet more or less to point of beginning, less and except a tract conveyed to Roy Ash and recorded in Book 335, Page 677 and a tract conveyed to J. Curry Smith and recorded in Book 335, Page 481. The above described tract contains 18.85 acres, more or less.

SECTION 34: All of the Northwest Quarter of the Southwest Quarter (NW/SW).

All of the South Half of the Southwest Quarter of the Northwest Quarter

CONTAINING IN THE AGGREGATE 566.15 acres.

SIGNED FOR IDENTIFICATION

x

THOMAS H. WARE

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