

# OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 17th day of August, 1982, between

Veronica A. Zeigler, as Trustee for the  
Sharon Graham Trust, Dated January 1, 1953

Lessor (whether one or more), whose address is: 308 English Circle, Birmingham, Alabama 35209  
and AMOCO PRODUCTION COMPANY, P.O. Box 50879, New Orleans, La. 70150 Lessee, WITNESSETH.

I, Lessor, in consideration of Ten and Other Valuable Consideration (\$10.00 & OVC) Dollars, receipt 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 with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and other minerals (whether or not they are now being produced), together with the right to make surveys on 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, employee houses 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 or any 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 13: The SE 1/4 of the NE 1/4

TOWNSHIP 18 SOUTH, RANGE 2 EAST

Section 18: The NE 1/4 of the NW 1/4; the West 1/2 of the SE 1/4 of the NW 1/4; the South 1/2 of the NW 1/4 of the NW 1/4; the SW 1/4 of the NW 1/4.

This lease covers only oil, gas, sulphur and associated hydrocarbons and does not cover coal gases, 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 on Paragraph 3 below, this lease is amended to read 1/6.

~~THIS LEASE COVERS ONLY OIL, GAS, SULPHUR AND ASSOCIATED HYDROCARBONS AND DOES NOT COVER COAL GASES, COAL, IRON ORE OR ANY OTHER HARD ROCK MINERALS.~~  
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

160 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 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-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 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 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 Lessee's election, 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 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 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

the First Alabama Bank of Birmingham, Main Branch; c/o Macklin Smith Bank  
Birmingham, Alabama

or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. 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 herein provided, 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 Lessee may elect. Any 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 last date for payment. Nothing herein shall impair Lessee'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 rest exclusively 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 unitize 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 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 and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger 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, drilling, 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 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 to 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 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 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 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. 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 horizon 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 paying 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 at any time 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 without the consent of the Lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

W. W. Beckett

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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, royalties, or other moneys, or any part thereof, however effected, shall increase the obligations or diminish the rights of lessor, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual 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, however 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 by lessor or lessor's heirs, 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 evidence such change or division, 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. If any such 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 depository 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 lessee 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 breaches alleged by lessor. The service of said notice shall be precedent 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. Neither the service of said notice nor the doing of any acts 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. Should it be ascertained 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 as 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 as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered 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 also have such easements on said land 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 mortgages, taxes or other liens, 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 rights 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 acquire 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 outstanding interest 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 (whether lessor's interest is herein specified or not), 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 herein 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 3 hereof, and lessee 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, (except financial) 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 delaying cause, 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 any or all of the substances covered by this lease and covering all or a portion of the land described herein with the lease becoming effective upon expiration of this lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this Section. Should Lessee elect to purchase the lease pursuant to the terms hereof, it shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor(s) along with Lessee's sight draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor(s) shall promptly execute said lease and return same along with the endorsed draft to Lessee's representative or through Lessor(s) bank of record for payment.

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

Trust Tax I.D. No: [REDACTED]

Veronica A. Zeigler  
Veronica A. Zeigler, as Trustee  
for the Sharon Graham Trust,  
Dated January 1, 1953

D. Chappell  
D. Chappell, Attorney-In-Fact

STATE OF LOUISIANA  
PARISH OF ORLEANS

On this 7th day of March, 1983, before me appeared  
D. Chappell, to me personally known, who, being by me  
duly sworn, did say that he is the Attorney-in-Fact for AMOCO PRODUCTION COMPANY and  
that the foregoing instrument was signed in behalf of said corporation by authority  
of its Board of Directors, and said appearer acknowledged said instrument to be the  
free act and deed of said corporation.

My commission is for life  
or good behavior.

W. W. G. [Signature]  
NOTARY PUBLIC

JOINT OR SINGLE ACKNOWLEDGEMENT  
(MISSISSIPPI-ALABAMA-FLORIDA)

STATE OF ALABAMA  
COUNTY OF JEFFERSON

Notary Public

I hereby certify that on this day, before me, a Veronica A. Zeigler as Trustee for the Sharon Graham Trust, Dated January 1, 1953

to me known to be the person who is described in and who executed the foregoing instrument and she  
acknowledged before me that, being informed of the contents of the same, and with full authority, she voluntarily signed and delivered  
the within and foregoing instrument on the day and year therein mentioned.

Given under my hand and official seal, this 10th day of December, 1982  
(Affix Seal) [Signature]  
Notary Public  
(Title of Official)

My commission expires 6/16/86

In and for State of Ala At Large

By _____	at the _____	Book _____	Page _____	day of _____	19 <u>83</u>	Term _____	No. Acres _____	Dated _____	TO _____	FROM _____	Oil, Gas and Mineral Lease
This instrument was filed for record on the _____											
and duly recorded in _____											
When recorded, return to _____											
HEDDERMAN BRON, JACKSON, MISS.											

ADDENDUM

Attached to and by reference made a part of the certain Oil, Gas and Mineral Lease dated August 17th, 1982 between Veronica A. Zeigler, As Trustee of the Sharon Graham Trust dated January 1, 1953, as Lessor, and AMOCO Production Company, as Lessee.

13. Lessee agrees: (a) to conduct its exploration, drilling, production and marketing in a reasonable and workmanlike manner not only with a view to reasonable development and recovery of the Leased Minerals, and avoidance of waste, but to the conservation of potential production and reserves; (b) to comply with all laws of the State of Alabama with reference to encasing wells, plugging dry and abandoned wells, and with any other laws of the State of Alabama in connection with producing the Leased Minerals; (c) to keep all proper records to enable a correct determination of Leased Minerals produced and marketed, to which records Lessor, or its duly authorized agents, shall have access to at all reasonable times for the purpose of verification of the statements furnished by Lessee to Lessor; (d) that Lessee will conduct operations in such manner as to do no unnecessary damage to the surface of the property herein described and, to the extent reasonably possible, it will not interfere with any operations of the Lessor or of any of Lessor's other lessees on the Premises; and (e) to maintain at its sole expense all roads, bridges and other rights of way or easements used by Lessee in the operation and production of Leased Minerals from the Premises. In the use of the roads and bridges now located upon said land, Lessee shall at all times, at its own expense, arrange for proper maintenance of the roads and bridges so used by Lessee so as to prevent undue damage thereto. The parties hereto agree that there are reserved and excluded from this lease all timber, coal, coal gas, iron ore, and other hard rock minerals, and easements necessary to the recovery and marketing thereof; provided, however, Lessor shall not unreasonably interfere with Lessee's operations, or Lessee's, its agents, employees or third party purchasers ingress and egress to the premises. No agreement contained herein shall act to subordinate the rights of the Lessee as provided herein to the terms and conditions of any agreement executed after the date of this Lease between the Lessor, the agents, assigns or successors in interest of the Lessor, and any third party.

14. In the event Lessee's rights hereunder shall terminate or be forfeited, in whole or in part, for any cause, Lessee shall promptly deliver to Lessor a recordable instrument of release or file such a recordable instrument of release for record. Lessee shall have the right, at any time during the period this lease is in effect, and within thirty (30) days subsequent to its date of expiration, if required by Lessor, to remove all machinery and fixtures placed on the premises, including the drawing and removal of casing.

15. As it is the purpose of this instrument to lease the premises described in the Lease for the sole purposes indicated in this instrument, it is understood and agreed that the Lessor reserves for itself all rights of Lessor not herein specifically granted to Lessee.

16. At Lessor's request, Lessee shall furnish Lessor with a survey and maps showing the location on the premises of all wells drilled and of all surface or subsurface pipelines, tanks, roads, and other facilities placed or constructed thereon by Lessee or under Lessee's direction.

17. Lessee shall pay ad valorem taxes on all of its improvements, fixtures, and equipment, and shall also pay its portion of all taxes levied on the production, use or sale of oil, gas or



other products therefrom and all taxes on the receipts therefrom or taxes due by reason of the Lessee's activities on the leased premises of whatever nature or kind, either Federal, State, county or other; provided, however, Lessee shall not be obligated to pay any portion of the Lessor's windfall profits tax.

18. Anything in this Lease to the contrary notwithstanding, the parties further agree that for all purposes of this Lease it is understood that Lessor does not own or claim to own more land or interests therein than described in the Lease and Lessee shall, at its expense, acquire whatever additional rights are required for Lessee's operations hereunder.

19. The rights and privileges granted herein are and shall be subject to the following: All easements for roads, telephone lines, electric transmission lines, pipelines, or for other purposes similar or dissimilar in character, now existing on said premises.

20. In the event coal is encountered in the drilling of any well or wells, test holes or borings, the Lessee will do and perform such acts and practices in penetrating such veins of coal as shall be necessary to properly protect such veins of coal or abandoned mine workings, and upon the abandonment of any such well or wells, test holes or boring, shall follow the same practice, and shall comply with all applicable laws, ordinances, and regulations, present and future, pertaining to protective devices in penetrating coal beds.

21. The Lessor shall not be liable for any claim for damages which may arise from any act or omission of Lessee hereunder, including damages caused by Lessee's employees or amounts payable to said employees under any Workman's Compensation, unemployment, or similar act or law; and Lessee shall indemnify and hold Lessor harmless against all expenses, claims, demands, suits, judgments, and decrees including without limitation, court costs and attorneys' fees, to which Lessor may be subject on account of any act or omission of Lessee, Lessee's agents, servants or employees, including the failure to comply with any law, ordinance, or regulation to which Lessee's operations hereunder are subject, and including any amounts payable under any Workmen's Compensation, unemployment, or other similar act or law.

22. Lessor makes no warranty of any kind or character with respect to its title to the interest in the premises leased herein, but does hereby agree with Lessee that if its interests in any of the premises described herein is less than the interest claimed by it, or Lessor shall have no interest in such premises, the Lessor will restore to Lessee, in the proportions which Lessor's interest therein bears to the interest claimed by Lessor, all bonus payments, royalties and rentals paid by Lessee to Lessor under this Lease with respect to the premises as to which Lessor owns such less interest or no interest.

23. If any part of the mineral lands covered hereby are pooled or unitized by voluntary or compulsory process and this lease is not then otherwise perpetuated by its own production not pooled or unitized, its acreage not pooled or unitized shall be segregated from that pooled or unitized and the acreage so segregated shall continue under the primary term hereof with annual payment of delay rentals proportionately related to that acreage calculated as in the assignment clause hereof, or such acreage may be held by any other means permitted by this lease to keep it in force and effect. Notwithstanding anything provided to the contrary in this Paragraph 23, Lessee may maintain this Lease in full force and effect after the expiration of the primary term of this lease as to all of the leased premises by conducting a continuous drilling operation on any part of the leased premises which are not then unitized with a productive well. As used herein, "continuous

drilling operation" shall mean conducting continuous drilling operations upon any portion of the leased premises which are not then unitized with a productive well or upon any other property (other than the leased premises) with which the leased premises have been pooled or unitized with no cessation thereof for more than ninety (90) days (a) after the expiration of the primary term or (b) after the completion or abandonment of one well and the commencement of drilling operations for another well.

24. If any oil or gas well is drilled on any adjacent property which causes drainage of the leased oil or gas under circumstances which no pooling is contemplated, Lessee agrees to drill an offset well in order to eliminate any such drainage.

25. The phrase "mouth of the well" as used in Paragraph 3 of this Lease shall mean the "wellhead".

26. Paragraph 3 of the Lease is hereby amended by substituting Ten Dollars (\$10.00) per acre instead of One Dollar (\$1.00) per acre as the shut-in royalty.

27. In the event of any conflict or ambiguity between the terms and provisions set forth in the Lease and in this Addendum, the terms and provisions of this Addendum shall at all times control.

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED

1983 APR -5 AM 8:16

*Thomas A. Swanson, Jr.*  
JUDGE OF PROBATE

<i>Deed TAX</i>	6.50
<i>Min</i>	8.00
<i>Rec</i>	25.00
<i>Ind</i>	1.00
	<hr/>
	40.50