CO EXPLORATION COMPANY

LEASE PURCHASE UNIT

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Dourse	1.12 35

OIL AND GAS I	LEASE
THIS ACREEMENT, made as of the 23 day of May 1983	, between
Maggie H. Deering and her husband, Brian Deer	ing
2727 LaVerne Drive Tucson, Arizona 85712	
ATLANTIC DICUTTO COM	
A TELL COLOR ( WHEELE ) ONE OF THIS CALL COLOR C	PANY, A PENNSYLVANIA CORPORATION
P. O. Box 2819 Dallas, Texas 75221	<del></del>
WITNESSE's 1. Lessor, in consideration of Ten Dollars (810.00), and other valuable consideration, cash in hand agreements of the Lessre, herein provided, hereby grants, leases and lets exclusively unto prospecting, drilling and operating for and producing oil, gases (including without limitation can beliam and any other gas, whether combustible or not), liquid hydrocarbons and associated products, natural flow, acidizing, tracturing, combustion, steam soak, steam flood, water flood, oil floor storing oil, and building tanks, ponds, power stations, roads, electric lines, telephone lines, and other produced or made therefrom, the following described land (herein referred to as "said land")	and paid, receipt and sufficiency of which is hereby acknowledged, and of the royalties, Lessee, for purposes of investigating, exploring by geophyiscal and other methods, singhead gas, casinghead gasoline, gas condensate (distillate), hydrogen sulphide gas, ets, whether in gaseous, solid or liquid state, by any method, including, but not limited d, and for injection of any substance; laying, constructing and maintaining pipelines, her structures upon said land to produce, save, treat, process and transport any product
She1by County, State of Al	abama , to-wit:
SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERE	NCE MADE A PART HEREOF FOR ALL PURPOSES.
said land being estimated to comprise 1732.00 acres, whether more or les payments hersunder.  Notwithstanding the above specific description, it is nevertheless the intention of Lessor to I Lessor up to the boundaries of any abutting landowner, together with any and all of Lessor's interiors or adjoin the said land, including all land added thereto by accretion.  2. Unless sooner teminated or longer kept in force under other provisions hereof, this lease at "prinary term," and as long thereafter as operations, as hereinafter defined, are conducted upon to the standard of the second or lessor, in the pipe line and saved by lessee from said land, or from time to time, at the option of lessoe, to pay lessor the notice line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating gas or other gaseous substances, produced from said land and sold or used off the premises for the computed at the mouth of the well, and on gas sold at the well the royalty shall be one-eighth of the term or at any time or times thereafter, there is any well on said land or on lands with which saimineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continue in for shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee interests capable of being produced from said wells, but in the exercise of such diligence, lessee the expiration of the primary term, all such wells are shut-in for a period of ninery consecutive expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royal shall make like payments or tenders at or before the end of each anniversary of the expiration of solely by reason of the provisions of this paragraph. Each such payment or tender shall be made which would be paid under this lease if the wells were producing, and may be deposited in a depoprovided in paragraph 5 hereof. In event of assignment of this lease and in whole or in part, liable make like payments or tend	and remain in force for a telm of seco-149 years from the date hereof, hereinafter called said land with no cessation for more than minety (90) consecutive days.  The two which lessee may connect its wells, the equal one-eighth part of all oil produced narket price of such one-eighth part of such oil at the wells as of the day it is run to the oil to render it marketable pipe line oil; (b) To pay Lessor on gas, including casinghead he extraction of gasoline or other product therefrom, one-eighth of the market value he market value shall not exceed the cash proceeds received by the Lessee for such gas he cash proceeds realized by Lessee from such sale. If, at the expiration of the primary d land or any portion thereof has been pooled, capable of producing gas or any other ree as though operations were being conducted on said land for so long as said wells are a covenants and agrees to use reasonable diligence to produce, utilize, or market the all not be obligated to install or furnish facilities other than well facilities and ordinary uble or to market gas upon terms unacceptable to lessee. If, at any time or times after lays, and during such time there are no operations on said land, then at or before the lity, a sum equal to the amount of annual delay rental provided for in this lease. Lessee said ninety day period if upon such anniversary this lease is being continued in force to the parties who at the time of payment would be entitled to receive the royalties saility for payment bereunder shall rest sclusively on the ten sowner or owners of this ch royalty is payable hereunder is regulated by any law or governmental agency, the rereunder shall not be in excess of the price which Lessee may receive and retain, and and of this lease as to any or horizons thereunder, with other lands, leake or leases, not more than 80 surface acres plus 10% acreage tolerance; provided, however, a unit has acreage tolerance, if unitized only as to gas or only as to gas und liquid hydrocarbons rmitted under any governmental rule
conducted under this lease. There shall be allocated to the land covered by this lease included in a the unit, after deducting any used in lease or unit operations, which the number of surface acres in scres in the unit. The production so allocated shall be considered for all purposes, including the production, to be the entire production of unitized minerals from the portion of said land covere land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineroyalties from a well on the unit shall satisfy any limitation of term requiring production of oil or any delay rental or shut-in production royalty which may become payable under this lease. Neith land, except that lessee may not so release as to lands within a unit while there are operations the partit. Lessee may dissolve any unit established hereunder by filing for record in the public office we being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unithall remain in force. A unit may be so established, modified or dissolved during the life of this lease which the first anniversary date hereof	the land covered by this lease included in the unit bears to the total number of surface e payment or delivery of royalty, overriding royalty, and any other payments out of dhereby and included in such unit in the same manner as though produced from said teral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in gas. The formation of such unit shall not have the effect of changing the ownership of ter shall it impair the right of lessee to release from this lease all or any portion of said ereon for unitized minerals unless all pooled leases are released as to lands within the there this lease is recorded a declaration to that effect, if at that time no operations are it once established hereunder shall remain in force so long as any lease subject thereto use.
subject to the further provisions hereof, pay or tender to lessor or to lessor's credit in the Bank at	Albantos Alabana 25050
or its successors, which shall continue as the depository, regardless of changes in ownership of del	
1732.00	
and upon like payments or tenders, operations may be further deferred for like periods of one year republies, or other moneys, two or more parties are, or claim to be, entitled to receive same, less rental, royalties, or moneys, in the manner herein specified, either jointly to such parties or separates. Any property because in the manner herein specified, of lesses deposited in the mail or	ir each during the primary term. If at any time that lessee pays or tenders delay rental, see may, in lieu of any other method of payment herein provided, pay or tender such arately to each in accordance with their respective ownerships thereof, as lessee may

effect. 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 (36) 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 acroage released hears to the acroage which was covered by this lease immediately prior to such release.

BOOK

6. If at any time during the primary term operations are conducted on said land and if all operations are discontinued, this lease shall thereafter terminate on its anniversary date next following the ninetarth day after such discontinuance unless on or before such anniversary date lessee either (1) conducts operations or (2) commences or resumes the payment or tender of delay rental; provided, however, if such anniversary date is at the end of the primary term, or if there is no further anniversary date of the primary term, this lease shall terminate at the end of such term or on the ninetieth day after discontinuance of all operations, whichever is the later date, unless on such later date either (1) lessee is conducting operations or (2) the shut in well provisions of paragraph 3 or the provisions of paragraph 11 are applicable. Whenever used in this lease the word "operations" shall mean operations for and any of the following drilling, testing, completing, reworking, recompleting, 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 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 wells, and of oil and gas produced from said land in all operations bereinder. 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 harm 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

S. 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 leave shall extend to and he binding upon the porties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, delay rental, or other moneys, or any part thereof, howsoever effected, shall increase the obligations 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 actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, delay rental, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this leave 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, successor, 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, delay rental, or other moneys, or part thereof, to the decedent in a depository hank provided for above. In the event of assignment of this lease as to any part (whether divided or undivided) of said land, the delay rental payable hereunder shall be apportionable as between the several leasehold owners, ratably according to the surface area or undivided interests of each, and default in delay rental payable he

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 (80) 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 (80) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be decined an admission or presumption that lessee has failed to perform all of its obligations berounder. Should 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 as 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. Leave hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lesso it rights and interests becomine that be charged primarily with may murigages, tax-cor other lieas, or interest and other charges on said land, but lessos agrees that lessos shall have the right at any time to pay or sedure same for lessos, either lessor and other payments payable to lessor which may become payable to lessor which may become payable to lessor which may become payable to lessor which have the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lesses 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 berein specified or not), or no interest therein, then the royalties, delay rental, 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 first giving Lessee the right to acquire such top lease on the same terms, conditions and for the same consideration being afforded by the third party.

1). If, at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, 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 lessee, the primary term and the delay rental provisions hereof shall be extended until the first amiversary 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.

SEE EXHIBIT \*\*B\*\* FOR FURTHER PROVISIONS OF THIS LEASE.

Maggie H. Deering

Notary Public

Stephen E. Hasha Address P. O. Box 35290, Houston, Texas 77035

S.S.#

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

same voluntarily for and as the act of said corporation.

My Commission expires \_\_\_\_\_\_\_

This instrument was prepared by\_\_\_\_\_

GIVEN under my hand and official scal this \_\_\_\_\_\_

		Brian Deering S.S.#
STATE OF ALABAMA Arizona COUNTY OF	} ss.	ACKNOWLEDGMENT  , a Notary Public in and for said County and State, hereby
certify that Maggie H. Deering	and her husband, Brian	n Deering
whose name S are	signed to the foregoing ins	
acknowledged before me on this day that, being in CIVEN under my hand and seal of office this  My Commission expires	3rd day of	executed the same voluntarily on the day the same bears date.  A.D. 19 83  Notary Public
STATE OF ALABAMA  COUNTY OF	§ 59.	CORPORATE ACKNOWLEDGMENT  , a Notary Public in and for said County and State, hereby
		of
		contents of said oil and gas lease, he, as such officer, and with full authority, executed the

Attached to and by reference made a part of that certain Oil and Gas Lease made and entered into by and between Maggie H. Deering and her husband, Brian Deering

as Lessor, and ATLANTIC RICHFIELD COMPANY, A PENNSYLVANIA CORPORATION, as Lessee, under date of May 23, 1983, to-wit:

Being 1732.00 acres, more or less, and described in Three (3) Tracts, situated in Township 19 South, Range 1 West, Shelby County, Alabama:

## TRACT (1)

TOWNSHIP 19 SOUTH, RANGE 1 WEST, SECTIONS 4, 5, 8, 9, 10 and 16:

Section 4: Wig and Wiels, containing 480.00 acres, more or less.

Section 5: Sineines; Eiseines; Eineises; Seises; and, the south 620 feet of the Swises lying East of the right of way of U.S. Highway No. 280, except that part of said south 620 feet included in Parcel described in deed to C.B. Bragg and Ella Bragg recorded in Deed Book 176, Page 522, and except that part described in deed to Jos. S. Vaughn and Mabel E. Vaughn recorded in Deed Book 183, Page 498; containing in all 108.00

acres, more or less.

Section 8: All lying East of right of way of U.S. Highway 280, except the following parcels:

That part described in deed to State of Alabama

in Deed Book 244, Page 11.

That part included in Survey of Skyland in Map Book 3. Page 66.

Book 3, Page 66.

That part described in deed to R.M. Srygley in

Deed Book 176, Page 149. That part described in deed to Alabama Power Com-

pany in Deed Book 276, Page 672.

many in beed book 270, rage 072

That part described in deed to Stanley S. Swiney in Deed Book 122, Page 287.

That part described in deed to C.T. Turner in Deed

Book 137, Page 207.

Any part included in Survey of Sunrise in Map Book 3, Page 69.

Said lands containing 267.00 acres, more or less.

Section 9: All of Section 9, except ExSE4, containing 560.00 acres, more or less.

more or less.

Section 10: All of the WawNW lying Northwest of County Road, containing 37.00 acres, more or less.

Section 16: Nanwa and Swanwa, containing 120.00 acres, more or less.

## TRACT (2)

TOWNSHIP 19 SOUTH, RANGE 1 WEST, SECTION 5: NENW and SEANN, contain-

## TRACT (3)

TOWNSHIP 19 SOUTH, RANGE 1 WEST, SECTION 5: SW4SW4, containing 40.00 acres, more or less.

and being the same lands described in deed dated February 20, 1981 from Huddleston Land and Timber Company, an Alabama Corporation to John Huddleston, Jane Huddleston Aaron, Nancy Huddleston Packer, Mary H. Chiles Revocable Trust, dated January 12, 1981, Alice Jeanne Huddleston, Maggie H. Deering, Nancy S. Huddleston, and George Huddleston, III, and recorded in Deed Book 331, Page 262.

SAID LANDS BEING ESTIMATED TO COMPRISE 1732.00 ACRES, MORE OR LESS.

SIGNED FOR IDENTIFICATION

x Maggie H. Beering

Brian Deering

- 12. 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, the sum of Fifteen Dollars (\$15.00) 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 may be made in the same manner and into the same depository provided for the payment of delay rental. 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 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. The renewal bonus shall be in lieu of delay rental for the first year of the extended term.
- 13. 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.
- 14. Notwithstanding anything contained herein to the contrary, Paragraph 3 of the printed form regarding the "one-eighth" royalty paid shall be amended to read a "one-sixth" royalty.
- 15. Lessor hereby designates and appoints Mary H. Chiles as the Lessor's agent and attorney-in-fact for the receipt of any and all notices required or permitted hereunder and for the receipt of all payments of bonuses, delay rentals, and royalties due and payable under the terms of this lease, and Lessor hereby ratifies and confirms all of said attorney-in-fact's acts in the premises. This power of attorney shall not be affected by the disability, incompetency or incapacity of any Lessor.

Lessor hereby directs Lessee to pay or tender to Lessor or to Lessors credit all bonuses, delay rentals, and royalties due and payable under the terms of this lease to: Mary H. Chiles, said funds to be deposited in the following depository: Albertville National Bank, Albertville, Alabama 35950.

SIGNED FOR IDENTIFICATION

X Ma

rian Deering

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