1398 RETURN-10 Producer's 68 - Alabama OIL AND GAS LEASE ARCO EXPLORATION COMPANY
LEASE PURCHASE UNIT 8-1-51 THIS AGREEMENT, made as of the 23 day of _ 1983 between BOX 2819, DALLAS, TEXAS 75221 May Nancy & | Santangel Yo f/k/a Nancy S. Huddleston and her husband, Steven Santangel Yo a/k/a Steven M. Santangelo & 02131 #15 Montvale Street Roslindale, Massachusetts ATLANTIC RICHFIELD COMPANY, A PENNSYLVANIA CORPORATION herein called Lessor (whether one or more), and -Dallas, Texas 75221 $_{\rm of}$ P. O. Box 2819 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 geophyiscal 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, belium 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, ecidizing, 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") Alabama _____County, State of _____ Shelby SEE EXHIBIT "A" ATTACHED HERETO AND BY REFERENCE MADE A PART HEREOF FOR ALL PURPOSES. acres, whether more or less, which acreage figure may be relied upon by Lessee in calculating rental or other 1732.00 said land being estimated to comprise... 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 SMS SMS five (5) WITS NOW cross 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 shall remain in force for a term of ten (10) 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 lessen, 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 scress 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 postion 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 regalty 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 lease 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 theAlbertville National
Bank atBank atBlack Alabama 35950
or its successors, which shall continue as the depository, regardless of changes in ownership of delay rental, royalties, or other moneys, the sum of

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 cheek 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 poetion 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 leave 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 an 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.

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 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 harn 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.

H. 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, 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 for ation 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, howspever 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 husiness 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 upinion 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 credit of the decedent in a depository bank 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 cental payment by one shall not affect the rights of other leasehold owners hereunder.

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 lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all of its obligations hereunder. Should it be asserted in any notice given to the lessee under the provisions of this paragraph that lesser 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 peoled 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. Extract hereby warrants and agrees to defend title to said land against the claims of all persons who are according to eights and interests hereunder shall be charged primarily. with may amortgages, tam our other lines, or interest and other charges on said land, but lesser agrees that lesser shall have the right at any time to pay or reduce same for lesser, wither hefore or after materity, and he subreguted to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable tobestor and or unity worder 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, 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 regard to whether it is executed by all those named herein as lessor. Lessor agrees that during the primary term of this lease it will not grant a top lease to any third party 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.

11. 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 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. SEE EXHIBIT "B" FOR FURTHER PROVISIONS OF THIS LEASE.

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

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	STO Ste	even Santangello a/k/a Steven M. Santangelo
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STATE OF ALABAMA Massachusetts		
1	}_ss.	
	 	ACKNOWLEDGMENT
Jouenne Smith		, a Notary Public in and for said County and State, hereby
Nancy 8" Santangel to f/k/a	Nancy S. Huddles	ton and her husband Steven Santangel 1/o a/1
whose name a are	signed to the foregoing instrumer	it, and whose names areknown to me,
acknowledged before me on this day that, being informed of the cos	atents of said instrument,	they executed the same voluntarily on the day the same bears date.
GIVEN under my hand and seal of office this		A.D. 1983
CITATIVE BIOGET MAY INSINITURE OF CITATIVE BIOGET B		Charles Onice
		Motory Public
My Commission expires 17 www. 11, 19	56	
STATE OF ALABAMA		
COUNTY OF	∑ ss.	CORPORATE ACKNOWLEDGMENT
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certify thatwhos	se name as	of ·
		, a corporation, is signed to the foregoing oil and gas
lease, and who is known to me, acknowledged before me on this day	that, being informed of the content	ts of said oil and gas lease, he, as such officer, and with full authority, executed the
same voluntarily for and as the act of said corporation.	•	
GIVEN under my hand and official seal this d.	ay of	, A.D. 19
,		
		Notary Public
My Commission expires		
This instrument was prepared by Stephen E. Hash	ta Address J	P. O. Box 35290, Houston, Texas 77035

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EXHIBIT "A"

Attached to and by reference made a part of that certain Oil and Gas Lease made and entered into by and between Mancy 84 Santangel to f/k/a Nancy S. Huddleston and her husband, Steven Santangello a/k/a Steven M. SantangeloSmb / 11/15 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: We and WeEs, containing 480.00 acres, more or less.

Section 5: SINEANER; ESELNER; ESNEASER; SEASER; and, the south 620 feet of the SW4SE4 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.

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.

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.

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

Section 10: All of the WawaNW4 lying Northwest of County Road, containing 37.00 acres, more or less.

Section 16: NaNW and SWaNWa, containing 120.00 acres, more or less.

TRACT (2)

TOWNSHIP 19 SOUTH, RANGE 1 WEST, SECTION 5: NyNWy and SEXNWy, containing 120.00 acres, more or less.

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

Nancy All,Santangello f/k/a Nancy S. Huddleston

> antangelot 1 Steven Santangello a/k/A Steven M. Santangelo

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Attached to and by reference made a part of that certain Oil and Gas Lease made and entered into by and between NWNancy &4 Santangello f/k/a Nancy S. Huddleston and her husband, Steven Santangel Yo a/k/a Steven M. Santangelo A Novas Lessor, and ATLANTIC RICHFIELD COMPANY, A PENNSYLVANIA CORPORATION, as Lessee, under date of May 23, 1983 , to-wit:

- 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 attorneyin-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. 土積大保証機場

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SIGNED FOR IDENTIFICATION

Nancy S. HSantangello f/k/ Nancy S. Huddleston

Steven Santangello a/k/a <u>Steve</u>n M. Santangelo