

833

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 28th day of December 1983 between Lillian Vassie Weldon, the widow of G. W. Weldon; G. W. Weldon, Jr. and wife, Sarah R. Weldon; Reginald K. Weldon and wife, Pauline Weldon; Gladys M. Isbell and husband, Buster Isbell; Dimmis W. Johnson and husband, L. F. Johnson; Sybil W. McManus, a widower; Maxine W. Smith and husband, Jerry W. Smith; Dora Perkins Weldon, the widow of C. C. Weldon, Virginia Laird and husband, George Laird, Marie Weaver and husband, Robert Weaver, Linda Johnston, a widow, and Carl Weldon a single man being the heirs of C. C. Weldon; Jimmie Sue Weldon, the widow of W. C. Weldon, Myrtle L. Stewart being an unmarried woman, and Carmelita Cox, being the heirs of W. C. Weldon; Marilyn W. Holland and husband, E. S. Holland; being all the Heirs of G. W. Weldon

SE $\frac{1}{4}$ of SE $\frac{1}{4}$ Section 21: NE $\frac{1}{4}$ of SE $\frac{1}{4}$;
SE $\frac{1}{4}$ of SE $\frac{1}{4}$

It is understood and agreed that this lease covers only oil, gas, gaseous derivatives and other gaseous and liquid hydrocarbons and sulphur, but does not cover coal, wood; chert, iron ore or any other hard rock minerals.

It is agreed and understood between Lessor and Lessee that wherever the fraction 1/8 appears in Paragraph No. 3 it is decreed to read 1/6.

It is understood and agreed between Lessor's and Lessee that all Bonus consideration shall be Paid to G. W. Weldon, Jr., herein, it is also agreed any annual delay drilling rental payments that may be paid under the terms of this lease may be paid to G.W. Weldon, Jr. (one of the Lessor's herein) or to his credit in the depository Bank named herein after.

352 PAGE 854 BOX

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 7.60 acres, whether there be more or less, and in the event of a partial assignment of surrendered acreage, the assigned or 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 ten (10) 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 Lessor 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 therefor 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 unmerchantable oil to render it merchantable 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 sold 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 6. 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, wood and water from said land, except water from Lessor'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, Lessor 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 Lessor or to the credit of Lessor in Bank at First National Bank of Columbia, Canaba Heights, Inverness Branch, Birmingham Alabama (which bank and its successors are Lessor'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

One Hundred Sixty and No/100

160.00

Dollars

(a) (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 Lessor 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 Lessor 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 period. Lessee may at any time or times execute and deliver to Lessor 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 such operations within sixty (60) days prior to the end of the primary term, the lease shall remain in force as long as operations are prosecuted, so in 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 Lessor, Lessee will bury all pipe lines below ordinary pipe depth, and no well shall be drilled within two hundred (200) feet of any residence or farm now on said land without Lessor'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 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 rental 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 leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. If two or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof until furnished with a recordable instrument executed by all such parties describing an agent to receive payment for all

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

WITNESS

[illegible]

STATE OF _____ }
COUNTY OF _____ }

I, _____, a Notary Public in and for said County, in said State, hereby certify that _____

_____ Whose name _____ signed to the foregoing instrument, and

who _____ known to me, acknowledged before me on this day, that, being informed of the contents of the instrument _____ he _____ executed the same voluntarily on the day the same bears date

Given under my hand and Official Seal, this _____ day of _____, A. D. 19____.

Notary Public in and for _____

County, _____

WIFE'S SEPARATE ACKNOWLEDGEMENT

STATE OF _____ }
COUNTY OF _____ }

I, _____, a Notary Public in and for said County, in said State, do hereby certify that on the _____ day of _____, 19____, came before me the within named _____, known to me to be the wife of the within named _____, who being examined separate and apart from the husband, touching her signature to the within instrument acknowledged that she signed the same of her own free will and accord, and without fear, constraints or threats on the part of her husband.

Given under my hand and Official Seal, this _____ day of _____, A. D. 19____

Notary Public in and for _____

County _____

Produced by ASR

No. _____

Oil, Gas and Mineral Lease

FROM _____

TO _____

Dated _____ 19 _____

No. Acres _____

_____ County, Alabama

Term _____

This instrument was filed for record on the _____

day of _____ 19 _____ at _____

_____ attached _____ M., and duly recorded in _____

Book _____ Page _____

of the _____ records of this office.

_____ (Official Title)

By _____

When recorded return to _____

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

WITNESS:

Sybil W. McManus
S. H. Weldon Jr.

in NO. [REDACTED]

Lillian Vassie Weldon
Lillian Vassie Weldon
G. W. Weldon Jr.
G. W. Weldon, Jr.
Sarah R. Weldon
Sarah R. Weldon
Reginald K. Weldon
Reginald K. Weldon
Pauline Weldon
Pauline Weldon
Gladys M. Isbell
Gladys M. Isbell
Buster Isbell
Buster Isbell
Dimmis W. Johnson
Dimmis W. Johnson
L. F. Johnson
L. F. Johnson
Sybil W. McManus
Sybil W. McManus
Maxine W. Smith
Maxine W. Smith
Jerry W. Smith
Jerry W. Smith
Dora Perkins Weldon
Dora Perkins Weldon
Virginia Laird
Virginia Laird
George Laird
George Laird
Marie Weaver
Marie Weaver
Robert Weaver
Robert Weaver
Linda Johnston
Linda Johnston
Carl Weldon
Carl Weldon
Jimmie Sue Weldon
Jimmie Sue Weldon
Myrtle L. Stewart
Myrtle L. Stewart
Carmelita Cox
Carmelita Cox
Marilyn W. Holland
Marilyn W. Holland
E. S. Holland
E. S. Holland

1934 JAN 19 AM 11:11

Deed TAX 5.00
Rec 26.00
Misc TAX 8.00
Ind 1.00
40.00

State of Alabama
County of Shelby

I the undersigned authority, a Notary Public in and for said County, in said state hereby certify that Lillian Vassie Weldon, G. W. Weldon, Jr., Sarah R. Weldon, Reginald K. Weldon, Pauline Weldon, Gladys M. Isbell, Buster Isbell, Dimmis W. Johnson, L. F. Johnson, Sybil W. McManus, Maxine W. Smith, Jerry W. Smith, Dora Perkins Weldon, Virginia Laird, George Laird, Marie Weaver, Robert Weaver, Linda Johnston, Carl Weldon, Jimmie Sue Weldon, Myrtle L. Stewart, Carmelita Cox, Marilyn W. Holland, E. S. Holland, 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 the instrument they executed the same voluntarily on the day the same bears date, Given under my hand and Official Seal this 19 day of January, A.D. 1934.

My Commission Expires

MY COMMISSION EXPIRES FEBRUARY 2, 1934

Notary Public in and for

State of Alabama
at Large