

739
OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 29th day of March 1984 between

Helen Hartsfield, a widow

known to further one or more), whose address is Route 1, Box 6, Sterrett, Alabama 35147
and Amoco Production Company, P. O. Box 50879, New Orleans, La. 70150

LESSOR, WITNESSETH

1. Lessor, in consideration of Ten and No/100 and other valuable considerations 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 all other minerals (whether or not similar to those mentioned), 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:

Starting at the Northwest corner of the Northeast Quarter of the Northwest Quarter of Section 24, Township 18 South, Range 1 East, running east 52 feet to a point of beginning; thence East 1268 feet to a Quarter corner, thence West 20° degrees South 1276 feet to highway #25, thence in a Northerly direction 497 feet to point of beginning.

It is the intention of the Lessor to Lease, and Lessor does hereby Lease and Let exclusively unto the Lessee herein, all lands and mineral interest owned or claimed by the Lessor in the above Section 24, Township 18 South, Range 1 East, whether correctly described or not.

It is agreed and understood between the Lessor and the Lessee that wherever the fraction 1/8th appears in Paragraph #3, it is hereby amended to read 1/6th.

Lessee agrees not to enter upon or establish a drill site on the above described property without the prior written approval of the surface owner.

Should Lessor suffer damage to livestock, water wells, fences, roads, personal property, buildings, or other improvements as a result of the operations of the Lessee under this lease, Lessee agrees to pay Lessor for the actual amount of said loss.

This lease does not cover coal, iron ore, or any other hard rock mineral.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessee by limitation, prescription, purchase, reversion or unrecorded instrument or (b) as to which Lessee has a preference right of acquisition. Lessee 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

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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.

Five (5)

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 to royalties, Lessee covenants and agrees: (a) To deliver to the credit of Lessee, 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 Lessee, to pay Lessee, 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, Lessee's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line out; (b) To pay Lessee 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 month 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 month of the well, of one-eighth of such gas and casinghead gas; (c) To pay Lessee 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 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 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

Iron and Steel Credit Union

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920 Parkway Drive, Leeds, 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 portions or portions thereof, or mineral or horizons 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 Lessee 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 the lease all or any portion of said land, except that Lessee may not so release as to lands within a unit which 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 on the unit for unitized minerals. Subject to the provisions of this paragraph, a unit once established hereunder shall remain in force as 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 Lessee 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 released 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 Lessee'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 damage caused by its operations to growing crops and timber on said land.

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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 Lessor 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. Lessor, 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 Lessor elect to purchase the lease pursuant to the terms thereof, Lessor shall so notify Lessor in writing by mail or telegram prior to expiration of said 15-day period. Lessor shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor, along with Lessor's right 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 shall promptly execute said lease and return same along with the enclosed draft to Lessor's representative or through Lessor's bank of record for payment.

Min TAX. 36
 Prod TAX. 50
 Rec 10.00
 Inst 1.00
11.86

Title: Oil, Gas and Mineral Lease
 No.
 FROM
 TO
 Dated 19
 No Acres
 County
 Term
 This instrument was filed for record on the
 day of 19 at
 o'clock and duly recorded in
 Book Page
 of the records of this office
 County (City,
 or District)
 When recorded return to