463

Producers 88 (9/70)—Paid Up With Pooling Provision Mississippi-Alabama-Florida ederman Brothers-Jackson, Mississippi

256.60

and is described as follows:

35064

OIL. GAS AND MINERAL LEASE

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THIS ACREEMENT made this	20th	asy ol	January	19 89 between
	Thomas J. Me	moli and wife, Av	<u>ia Memoli</u>	
			<u> </u>	
· · · · · · · · · · · · · · · · · · ·				
lessor (whether one or more), whose a and McKenzie Methane (ddress is: 45521 E	. Florida #28. He	met, California	92344 TX 77057
and McKenzie Methane C	<u>corporation, 5</u>	847 San Felipe Rd	<u>., Suite 4300, Ho</u>	HATON, lessee, WITNESSETH:
1. Lessor, in consideration of — of which is hereby acknowledged, an	Ten	and More	r contained, does hereby grant	losse and let unto lesses the land
covered bereby for the purposes and	ALLU LUS SECURITAS LISTA O	a make the winter to make there	eve on said land, lay pipe libe	s, establish and utilize facilities for
antiece or appendence quadoid of fait a	water, construct roads an	d bridges, dig canals, build tar	nks, power stations, power lin-	es, telephone most, employee nouses r, stories and transporting minerals

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

Alabama

TOWNSHIP 20 SOUTH, RANGE 3 WEST

Section 30: A part of the Wi of the SWi, being the part of said Wi of SWi of said Section, Township and Range that lies on the West side of the

Cahaba River containing 25 acres, more or less.

Section 31: The NW% of NW% containing 40 acres.

TOWNSHIP 20 SOUTH, RANGE 4 WEST

Section 25: The SE% of SE% containing 39.83 acres; also the SW% of SE% containing

39.83 acres.

🍠 Shelby

County of.

Section 36: The NEt of NEt containing 39.54 acres; also the NWt of NEt containing

39.54 acres.

All of the above described land being situated in Shelby County, Alabama.

It is the intent of the lessors to lease and they do hereby lease all of their interest in the above mentioned Sections, Townships and Ranges, whether described correctly herein or not.

See EXHIBIT A attached hereto and made a part hereof for additional provisions.

Source of Title: Book 138, Page 101.

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 lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of a countries of said land. For the purpopulation. Lessor agrees to execute any supplemental instrument sequested by lessoe for a more complete or accurate description of said land. For the purpopulation.

pose of determining the amount of any bonus or other payment berounder, 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 whether actually consideration for this lesse and all rights, and options berounder.

Elye (5)

2. Unless sooner terminated or longer kept in force under other provisions bereof, this lesse shall remain in force for a term of the years from the class sooner terminated or longer kept in force under other provisions bereof, this lesse shall remain in force for a term of the years from the class sooner terminated or longer kept in force under other provisions bereof, this lesse shall remain in force for a term of the years from the class sooner terminated or longer kept in force under other provisions bereof, this lesse shall remain in force for a term of the years from the class sooner terminated or longer kept in force under other provisions bereof, this lesse shall remain in force for a term of the years from the class sooner terminated or longer kept in force under other provisions bereof, the sooner terminated or longer kept in force under other provisions bereof, this lesse shall remain in force for a term of the years from the class sooner terminated or longer kept in force under other provisions as hereinafter defined, are conducted upon said land with no constitute that the years from the class sooner terminated or longer kept in force under other provisions as hereinafter defined, are conducted upon said land with no constitute that the years from the years from

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 coneeighth 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
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 used and
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 used and
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 used to the minerals used to necessary and lessees, selection, except that on sulphur mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessees's election, except that on sulphur mined and marketed or utilized by lessee from said land, one-tenth either or lessees are any time or times thereafter, there is any well en
keted 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 therefore, the shall not be obligated to install or furnish facilities of the pay of the shall per per long ton the pay of the

titled 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

Security Pacific National Bank

800 E. Florida Ave. (Hemet Office #0304a) suchange table to the Souther are, or claim to be, entitled to receive same, lesses erable of shut-in royalty. If at any time that lesses pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lesses 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 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 lesses may elect. Any payment hereunder may be made by check or draft of lesses 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 draft of lesses 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 draft of lesses 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 lesses's right to release as provided in paragraph 5 hereof. In the event of assignment of this lesse in whole or in

at lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this lesse as to any or all minerals or bortzons.

4. Lessee is hereby granted the right, at its option, to pool or unitize all or any part of said land and of this lesse as to any or all minerals or bortzons thereoff, or mineral or horizons thereunder, with other lands, lesse or lesses, or portions thereoff, or mineral or horizons thereunder, so as to establish units containing not more than 640 80 surface acres plus 10% acreage tolerance; provided, however, a unit may be established or an enisting unit may be eniarged to contain not more than 640 80 surface acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid bydrocarbons (condensate) which are not a liquid in the subsurface acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid bydrocarbons (condensate) which are not as liquid in the subsurface of the drilling or operation of a well at a regular location, or for obtaining reservoir. If larger units are required, under any governmental order or rule. Lessee shell 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 lesse is recorded. Each of said options may be exercised by lessee from time to time, and whether before or after record in the public office in which this lesse is recorded. Each of said and included in the unit or on other land unitized therewith and any such unit production has been established either on said land or on the portion of said land included in the unit which are not pooled or unitized. Any operations conducted under this lesse. There will not such any other may be land or or inheral, royalty or lessebold interests in land within the unit which are not pooled or unitized minerals from the portion of said land covered by this lesse included in surface acres in the land covered by this lesse included in surfa

Ing the life of this lease.

5. Lessee may at any time and from time to time execute and deliver to lesser 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 be 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, Lassor 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 lesse the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repeting 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 minerals, excavating a mine, 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 minerals, excavating a mine, 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 minerals, excavating a mine, 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 minerals, excavating a mine, 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 minerals, excavating a mine, 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 minerals, excavating a mine, production of oil, gas, sulphur or other minerals, excavating a m

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.

7. 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, 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 peacer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused.

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, 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 sexual 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, howsoever effected, shall be binding upon the then record owner of this lesse until thirty (30) days after there has been furnished to such record owner at his national above. 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 lessoe has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessoe 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 lesse for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lesses. Neither the service of said notice nor the doing of any acts by lesses 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 bereunder. Should it be asserted in any notice given to the lessee under the provisions of this paragraph that lessee has falled to comply with any implied obligation or covenant hereof, this lesse 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 lesse 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 whomspeyer. Lessor's rights and interests hereunder thall 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 leases 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 lesses, 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 theregiter by operations as if such delay had not occurred. IN WITNESS WHEREOF, this instrument is executed on the date first above written. (SEAL) JOINT OR SINGLE ACKNOWLEDGMENT STATE OF ARICK OVER COUNTY OF MILLERSCOLE I hereby certify, that on this day, before me, a Naturey Rublic - Mellia Elizabeth duly authorized in the state and county aforesaid to take acknowledgments, personally appeared described in and who executed the foregoing instrument and to me known to be the person voluntarily signed and delivered acknowledged before me that, being informed of the contents of the same, the within and foregoing instrument on the day and year therein mentioned. Given under my hand and official seal, this AUSTANIA (Affix Scal) v 12.1990 My commission expires STATE OF ... COUNTY OF . in and for the aforesaid jurisdiction, hereby certify that . GENERAL ACKNOWLEDGMENT SS. the undersigned Notary Public, personally appeared emoli + avis Memoli personally known to me proved to me on the basis of satisfactory evidence OFFICIAL SEAL are subscribed to the MELBA ELIZABETH LOPEZ to be the person(s) whose name(s) NOTARY PUBLIC - CALIFORNIA within instrument, and acknowledged that executed it. RIVERSIDE COUNTY WITNESS my hand and official seal. My comm. expires JAN 12, 1900 nelba Elicabe Notary's Signature CHILLING CHUNG CH NATIONAL NOTARY ASSOCIATION . 23012 Venture Blvd. . P.O. Box 4625 . Woodlend Hills, CA 91365-4625

12. In Paragraph 1 of this Lease which sets forth the substances covered and conveyed by this Lease and describes the lands to which this Lease is applicable, which paragraph is commonly known as the granting clause, there shall be added at the conclusion of the paragraph the following sentence:

"The word gas as used herein shall also include coalbed gas, methane, occluded natural gas and any other naturally occurring gases contained in or associated with any coal seam, vein, bed, strata or deposit."

- 13. Lessor specifically grants to Lessee so much of the surface coal deposit as is reasonably necessary to drill and produce the occluded natural gas found in the coal seams. In addition, it is understood and agreed that in order to obtain maximum efficient recovery of occluded natural gas from coal seams, Lessee may hydraulically fracture or stimulate the coal seams and adjacent rock. Lessee shall be specifically relieved of any and all damages of any nature for any stimulation, and Lessor hereby forever releases and discharges Lessee, its successors and assigns from any and all liability for such damages, including loss of coal.
- 14. Any coal mining Lease or other mineral Lease, whether it be for surface mining or underground operations, executed subsequent to this Lease shall be expressly subject to the rights of the Lessee under the terms and conditions of this Lease.

SIGNED FOR IDENTIFICATION AND APPROVAL:

Avis Memoli

89 JUL 12 PH 1:41

1. Deed Tax 2. Min Tax

3. Recording Fee 2250

4. Indexing Fee _300 TOTAL