Producters 88 (9/70)—Paid Up With Pooling Provision Mississippi-Alabama-Florida

OIL, GAS AND MINERAL LEASE

Hederman Brothers—Jackson, Mississippi (3-89)

THIS AGREEMENT made	this30	)th	_ day ofAug	ust	19 <u>.91</u> , between
Edw	ard C. Mitchem and	Frances H.	Mitchem		
essor (whether one or more), v	whose address is: Rt. 3, I	30x 1042-C, B	essemer, AL	35023	
1. Lessor, in consideration	Corporation, P.O. of TEN DOLLARS and ag	other good	and valuable	e consideratio	ONS Dollars, receipt and let unto lessee the land
covered hereby for the purposes minerals (whether or not similar than the substitutes of soid law	and with the exclusive right of ear to those mentioned), together to those mentioned), together the construct roads and and necessary or useful in lessented hereby or any other land	xploring, drilling, mini- with the right to mak bridges, <b>dig awath</b> , b	ng and operating for e surveys on said la uild tanks, power su ring, drilling for, p	, producing and owning c and, lay pipe lines, estab ations, power lines, telep roducing, treating, storing	lish and unitize facilities for hone lines, employee houses and transporting minerals
County ofShelby	<u> </u>	_, State ofA1a	bama_	, 6	nd is described as follows:
See Exhibit "A" at	tached hereto and	made a part	hereof for	legal descript	ion.
See Exhibit "B" at	tached hereto and	made a part	hereof for	additional pro	visions.

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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 acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the pur-

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of thereins) 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 cossation 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 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, lesser's rightents in the part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lesser's rightents in the part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lesser's rightents in the part 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, 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, 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, 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, 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, or (2) when used by lessee off said land or in the manufacture of gasoline or other minerals mined and marketed or utilized by lessee from said land, one-tenth citer 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 to right or times thereafter there is any well on said land or on lands with which said land or any portion thereof bas been pooled, capable of producing gas or any other mineral covered hereby, and all such wells are shut-in, this lease shall, nevertheless, continued in force as though

HOOVER, 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 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 acres 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 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 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 shut-in production royalty 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 lessee 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 cutablished 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.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 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, 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 lessor'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 damages caused by its operations to growing crops and timber on said land.

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 actual 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 lease 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, 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 lessee has not complied with all its obligations bereunder, 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 its obligations hereunder. 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 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 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. Emmu therein reasons and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall 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 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, 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 jessee, 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 thereafter by operations as if such delay had not occurred. IN WITNESS WHEREOF, this instrument is executed on the date first above written. Frances H. Mitchem (SEAL) JOINT OR SINGLE ACKNOWLEDGMENT (MISSISSIPPI-ALABAMA-FLORIDA) Alabama STATE OF She1by COUNTY OF I hereby certify, that on this day, before me, a \_\_\_\_\_\_notary public duly with of the in the state and county aforesaid to take acknowledgments, personally appeared \_\_\_\_ Edward C. Mitchem and Frances H. Mitchem \_\_\_\_\_\_ described in and who executed the foregoing instrument and \_\_\_\_\_\_\_ the \_y\_\_ acknowledged before me that, being informed of the contents of the same, \_\_\_\_\_\_ \_\_\_\_\_ voluntarily signed and delivered Given under my, hand and official seal, this (Affix Seal) My commission expires WITNESS ACKNOWLEDGMENT (MISSISSIPPI-ALABAMA-FLORIDA) STATE OF \_\_\_\_\_ COUNTY OF \_\_\_\_\_ I. a \_\_\_\_\_\_ in and for the aforesaid jurisdiction, hereby certify that \_\_\_\_\_\_\_ a subscribing witness to the foregoing instrument, known to me, appeared before me on this day, and being sworn, stated that \_\_\_\_\_\_ the grantor(s), having been informed of the contents thereof, voluntarily executed and delivered the same in his presence, and in the presence of the other subscribing witness, on the day the same bears date: that he attested the same in the presence of the grantor(s), and of the other witness, and that such other witness subscribed his name as a witness in his presence. (Subscribing Witness) Given under my hand and official seal, this \_\_\_\_\_\_ day of \_\_\_\_\_\_ day of \_\_\_\_\_\_. 19 \_\_\_\_\_. (Affix Seal) (Title of Official) in and for \_\_\_\_\_\_ County, \_\_\_\_\_ My commission expires \_\_\_\_ kson, Mississippi Pooling Provision Return to cord on the ineral Lease and duly recorded in

County Clerk

Exhibit "A" attached to and made a part of that certain Oil, Gas and Mineral Lease dated August , 1991, between Edward C. Mitchem and Frances H. Mitchem, as lessors and Cabot Oil & Gas Corporation as lessees.

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## LEGAL DESCRIPTION

TOWNSHIP 20 SOUTH, RANGE 4 WEST, SECTION 32: Begin at the northwest corner of the E2 of the SW2; thence in a southerly direction along the west boundary of said  $E_2^{l}$  of  $SW_4^{l}$  to the southwest corner thereof; thence in an easterly direction along the south boundary of said Ez of SWZ and also along the south boundary of the  $W_2$  of the SE% to intersection with the centerline of R-O-W for Shelby COunty Highway No. 1, said intersection being 475.00 feet east of the southwest boundary of said  $W_2$  of  $SE_4$ ; thence turning an angle of 49 degrees 47 minutes to the left in a northeasterly direction along a straight line which is the center line of said R-)-W 325.10 feet to the point of beginning of the arc of a curve tangent to said straight line, said arc turning to the left, having a radius of 573.69 feet and being subtended by a central angle of 64 degrees 25 minutes; thence in a northeasterly direction; thence in a northerly direction and thence in a northwesterly direction along said arc which is the center lien of said R-O-W 644.2 feet; thence in anorthwesterly direction along a straight line tangent to said arc which is the centerline of said right-of-way 317.9 feet to a point of beginning of the arc of a curve tangent to said arc, said arc turning to the right, having a radius of 2,864.69 feet and being subtended by a central angle of 10 degrees 45 minutes 15 seconds; thence in a northwesterly direction along said arc which is the centerline of said right of way 536.86 feet; thence turning an angle of 90 degrees 00 minutes from curve tangent and radial to said curve 40 feet to east bouncary of said right of way; (the next 6 courses are along an old road) thence turning an angle of  $\overline{74}$  degrees 18 minutes to the left in a northeasterly direction 88.80 feet; thence turning an angle of 13 degrees 59 minutes to the right in a northeasterly direction 273.60 feet; thence turning an angle of 8 degrees 48 minutes to the right in a northeasterly direction 172.2 feet; thence turning an angle of 16 degrees 00 minutes to the left in a northeasterly direction 78.20 feet thence turning an angle of 21 degrees 09 minutes to the left in northwesterly direction 300.6 feet; thence turning an angle of 15 degrees 26 minutes to the right in a northeasterly direction 108.0 feet to intersection with the north boundary of said west half of  $\overline{SE}_{4}$ ; thence in a westerly direction along the north boundaries of said  $W_2$  of SE $\frac{1}{4}$  and the east half of SW $\frac{1}{4}$  2,092.77 feet, more or less, to the point of beginning;

LESS AND EXCEPT THE FOLLOWING DESCRIBED TRACTS

(1) Begin at the northwest corner of the NE% of SN%; thence in an easterly direction along the north boundary of said 4-4 section 675.5 feet to point of beginning; thence continue in an easterly direction along said north boundary 1027.05 feet to intersection with the centerline for a public road (Shelby County Highway No. 1); thence turning an angle of 82 degrees 14 minutes to the right in a southeasterly direction along said centerline 275 feet; thence turning an angle of 97 degrees 46 minutes to the right in a westerly direction 1057 feet; thence turning an angle of 88 degrees 29 minutes to the right in a northerly direction 272.58 feet to point of beginning.

(2) Begin at the northwest corner of the NE% of SW%; thence in a southerly direction along the west boundary of said  $\frac{1}{4}$ - $\frac{1}{4}$  40 feet; thence turning an angle of 88 degrees 29 minutes to the left in an easterly direction 490.5 feet to point of beginning; thence continue in an easterly direction along same line 185 feet; thence turning an angle of 88 degrees 29 minutes to the right in a southerly direction 480.19 feet; thence turning an angle of 91 degrees 31 minutes to the right in a westerly direction 185 feet; thence turning an angle of 88 degrees 29 minutes to the right in a northerly direction 480.19 feet to point of beginning and also begin at northwest corner of NE% of SWA; thence in an easterly direction along the north boundary of said  $\frac{1}{4}-\frac{1}{4}$  section 325.5 feet to the point of beginning; thence continue in an easterly direction along said north boundary 350.00 feet; thence turning an angle of 88 degrees 29 minutes to the right in a southerly direction 40 feet; thence turning an angle of 91 degrees 31 minutes to the right in a westerly direction 350 feet; thence turning an angle of 88 degrees 29 minutes to the right in a northerly direction 40 feet to the point of beginning.

(3) Begin at the northwest corner of the  $E_2^{\downarrow}$  of  $SW_4^{\downarrow}$ ; thence in a southerly direction along the west boundary of said half quarter 340 feet to point of beginning; thence continue i a southerly direction along said west boundary 980 feet; thence turning an angle of 88 degrees 29 minutes to the left in an easterly direction 485.66 feet; thence turning an angle of 91 degrees 31 minutes to the left in a northerly direction 980 feet; thence turning an angle of 88 degrees 29 minutes to the left in a westerly direction 485.66

feet to the point of beginning.

SIGNED FOR IDENTIFICATION France W. Softhen Page 2 to Exhibit "A" atttached to and made a part of that certain Oil, Gassand
Mineral Lease dated August , 1991, between Edward C. Mitchem and Frances H. Mitchem as lessors and Cabot Oil & Gas CRrporation as Lessee.

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## LEGAL DESCRIPTION CONTINUED

(4) Begin at the northwest corner of the NE% of SW%; thence turning an angle of 88 degrees 29 minutes to the right in a southerly direction 271.58 feet; thence 88 degrees 29 minutes to the left in an easterly direction 50 feet to the point of beginning; thence continue in an easterly direction along same lien 1007 feet to intersection with the centerline of a public road; thence turning an angle of 82 degrees 14 minutes to the right in a southerly directton aling said centerline 250 feet; thence turning an angle of 97 degrees 46 minutes to the right in a westerly direction 1035. feet; thence turning an angle of 88 degrees 29 minutes to the right in a northerly direction 247.71 feet to point of beginning. ALSO, begin at the northwest corner of the NE% off SW%; thence in an easterly direction along the north boundary of said 4-4 section 675.5 feet; thence turning an angle of 88 degrees 29 minutes to the right in a southerly direction 272.58 feet to point of beginning; thence continue in a southerly direction along same line 247.71 feet; thence turning an angle of 88 degrees 29 minutes to the left in an easterly direction 50 feet; thence turning an angle of 91 degrees 31 minutes to the left in a northerly direction 247.71 feet; thence turning an angle 1f 88 degrees 29 minutes to the left in a westerly direction 50 feet to the point of beginning.

It is the intention of lessor to lease and let and lessor does hereby lease and let exclusively unto lessee, all interest owned by lessor in Section 32, Township 20 South, Range 4 West, Smelby County, Alabama, whether described correctly herein or not.

SIGNED FOR IDENTIFICATION

Francis W. Mitchen

Exhibit "B" attached to and made a part of that certain Oil, Gas and Mineral Lease dated August 30, 1991, between Edward C. Mitchem and Frances H. Mitchem as Lessors, and Cabot Oil & Gas Corporation, as Lessee.

The transfer of the property of the state of

This lease shall only cover substances which are capable of being produced through a well bore and does not include methane or occluded natural gas produced from any coal deposits.

No saltwater shall be disposed of upon the leased premises.

Lessee agrees that before commencing any surface construction activities of drilling operations on the leased premises, Lessor shall be notified in writing, provided with a map or plat showing the specific proposed drillsite location, access road, any subsequent pipeline, and providing sufficient time necessary for lessee and lessor to mutually set forth an agreement on alternate locations for wells roads or pipelines, if any. Within 30 days after the receipt of said information in writing by lessor, lessor will advise lessee whether or not said proposed location of well, road and or pipeline conflicts with the present or future use or uses of the land at said locations for such well, road and pipeline. In case lessor shall fail to notify lessee, as provided herein, within said 30 days, lessee shall have the right to assume that said location does not interfere with any other use or uses of lessor and to proceed with drilling or pipeline construction operations at said location. If a conflict doe exist, lessor will provide a new location for such well, road and or pipeline.

While drilling operations are conducted, the actual drill site, includeing housing, will be limited to two (2) acres in size. If drilling results in production of oil, gas or other minerals in paying quantities, the actual drillsite will be consolidated into a production site covering not more than one (1) acre.

In the event a well is drilled in adjacent property, and results in commercial production, Lessee will commence or cause to be commenced, the drilling of a well on or including a portion of the leased premises, within six months of commencing commercial production from said well located on adjacent property, or this lease shall be null and void.

Any employee housing will be limited to when actual drilling or completion operations are conducted upon the drillsite as provided for herein.

Wellsites not actually located on the leased premises will not be accessed through the leased premises.

All royalties provided for in paragraph three of the printed form of this lease shall be one-eighth (1/8th).

SIGNED FOR IDENTIFICATION

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06/17/1992-11418
09:16 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
005 NCD 46.68