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Shelby Cnty Judge of Probate, AL
08/23/2007 10:28:47AM FILED/CERT

AFTER RECORDING, RETURN TO:

Mark Karnes, Esq.
D.R. Horton, Inc.
D.R. Horton Tower
301 Commerce Street, Suite 500
Fort Worth, TX 76102

STATE OF ALABAMA)
COUNTY OF SHELBY)

DEED – MINERALS, RESOURCES AND GROUNDWATER
(With Rights of Ingress and Egress)

D.R. HORTON, INC. - BIRMINGHAM, an Alabama corporation ("Grantor"), for Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which Grantor acknowledges, does GRANT, BARGAIN, SELL, CONVEY, TRANSFER AND DELIVER unto **DRH ENERGY, INC.**, a Colorado corporation ("Grantee") (whose mailing address is 301 Commerce Street, Suite 500, Fort Worth, Texas 76102, Attn: Mark Karnes), all of Grantor's rights, title and interests in and to all of the following:

- (a) all oil, gas, petroleum, natural gas, coal, lignite and other hydrocarbons of whatever name or type, and all uranium, metals and any and all other minerals, gases and substances of whatever name or type, and geothermal energy and geothermal substances and rights, together with all ores thereof and other products or materials produced therefrom or in association therewith (the "Minerals and Resources"); and
- (b) all groundwater and other subsurface water of any and every type, kind, category or nature whatsoever, separately or mixed or combined with any other substance, found beneath the surface of the earth (whether referred to or categorized as ground water, underground water, percolating ground water, moisture in soils or other substances, underflow of streams or underground streams) (the "Groundwater");

now or in the future that are located in whole or in part, in, on, and under, and/or that may be produced from, that certain real property (the "Property") described on **Exhibit "A"** attached hereto and incorporated herein by reference. The Minerals and Resources and the Groundwater are collectively referred to herein as the "Minerals, Resources and Groundwater."

TO HAVE AND TO HOLD the Minerals, Resources and Groundwater, together with all and singular the rights, privileges and appurtenances thereto in anywise belonging, and the right of ingress, egress and possession of the surface of the Property at all times for the purposes of exploring, studying, mining, drilling and operating for said Minerals, Resources and Groundwater and the construction and maintenance of well sites, facilities and means necessary or convenient for producing, developing, withdrawing, capturing, pumping, treating, storing and transporting the Minerals, Resources and Groundwater, including, without limitation, the right to develop or produce the Minerals, Resources and Groundwater by pooling or unitization or by directional drilling under the Property from well sites located on the Property or other land, unto Grantee, Grantee's successors and assigns, forever.

And Grantor does hereby bind Grantor and Grantor's successors to **WARRANT AND FOREVER DEFEND**, all and singular, the Minerals, Resources and Groundwater unto Grantee,

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Grantee's successors and assigns, against every person whomsoever lawfully claiming, or to claim the same, or any part thereof, by, through, and under Grantor, but not otherwise.

Grantor further covenants and agrees that the real and personal property rights, titles and interests in and to the Groundwater in and under the Property are to be vested solely, exclusively and absolutely in Grantee, specifically including all rights and benefits accruing from historical production, use and usage, and any and all permits, licenses or other valuable governmental approvals that now or hereafter pertain or accrue to such Groundwater ownership, production and use.

If this Deed is hereafter determined or statutorily limited or regulated to cover a lesser interest in the Groundwater in all or part of said Property or if applicable laws, regulations, or rules result in a proportionate reduction in ownership of Groundwater, then, solely in that event, the vested rights of any Grantor in Groundwater which are not covered hereby shall be held, used and exercised by such Grantor in a usufruct for the exclusive benefit of Grantee, its successors and assigns.

This Deed shall also include, and there is hereby included and conveyed for the purposes and consideration herein stated, all the Minerals, Resources and Groundwater owned and claimed by Grantor adjacent or contiguous to the Property, or located within the county or counties in which the Property is situated, whether in the same or different surveys.

This conveyance is made subject to any and all matters of record in the county in which the Property is situated, including, without limitation, all prior reservations and conveyances of minerals, royalties, groundwater and other interests affecting all or any part of the Minerals, Resources and Groundwater, to the extent the same are valid and subsisting and affect the Minerals, Resources and Groundwater.

This conveyance is further made subject to any valid and subsisting lease or leases affecting the Minerals, Resources and Groundwater or any portion thereof; but, for the same consideration hereinabove mentioned, Grantor has sold, transferred, assigned and conveyed and by these presents does sell, transfer, assign and convey unto Grantee, its successors and assigns, all of Grantor's right, title and interest, if any, in and to the rights, rentals, royalties and other benefits accruing or to accrue under said lease or leases.

Grantee is to receive all bonuses, rents, royalties, production payments or monies of any nature accrued in the past or future with respect to the Minerals, Resources and Groundwater. This conveyance is also a transfer of production payments and pooled acreage benefits to Grantee. Grantee is authorized to sign all papers as Grantor's attorney-in-fact for the transfer of ownership, production payments, interests, and revenues heretofore or hereafter due to Grantor.

Grantor agrees that Grantee shall have the right at any time to redeem for Grantor by payment any mortgage, taxes, or other liens on the Minerals, Resources and Groundwater, upon default in payment by Grantor, and Grantee shall thereupon be subrogated to the rights of the holder thereof.

The term "Minerals and Resources," as used herein, shall include, without limitation, and in addition to those items specifically named above, all aluminum, asphalt, barite, basalt, beryllium, bismuth, bentonite, clays, brines, bromine, caliche, celestite, cement, clay, copper, diatomite, dolomite, evaporates, feldspar, fluorspar, gemstones, gold, greensand, gypsum, helium, hydrogen, iron, lead, zinc, lime, magnesite, magnesium, manganese, mercury, mica, mineral water, molybdenum, nitrates, novaculite, oyster, shell, peat, perlite, phosphate, potash, polyhalite, pumicite, salt, sand and gravel, silver, sulfur, talc, tin, titanium, topaz, tripoli,

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turquoise, uranium, vermiculite and zeolites that now or in the future that are located in whole or in part, in, on, and under, and/or that may be produced from, the Property.

EXECUTED as of the date of the acknowledgement set forth below.

GRANTOR:

D.R. HORTON, INC. - BIRMINGHAM,
an Alabama corporation

By: _____

Andrew J. Hancock
Its City Manager

STATE OF ALABAMA)

JEFFERSON COUNTY)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Andrew J. Hancock, whose name as City Manager of D.R. Horton, Inc. - Birmingham, an Alabama corporation, is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he, as such officer, executed the same voluntarily and with full authority for and as the act of said corporation.

Given under my hand and official seal this 21st day of August, 2007.

Regina H. Ellis
Notary Public
My Commission expires: 9-30-09

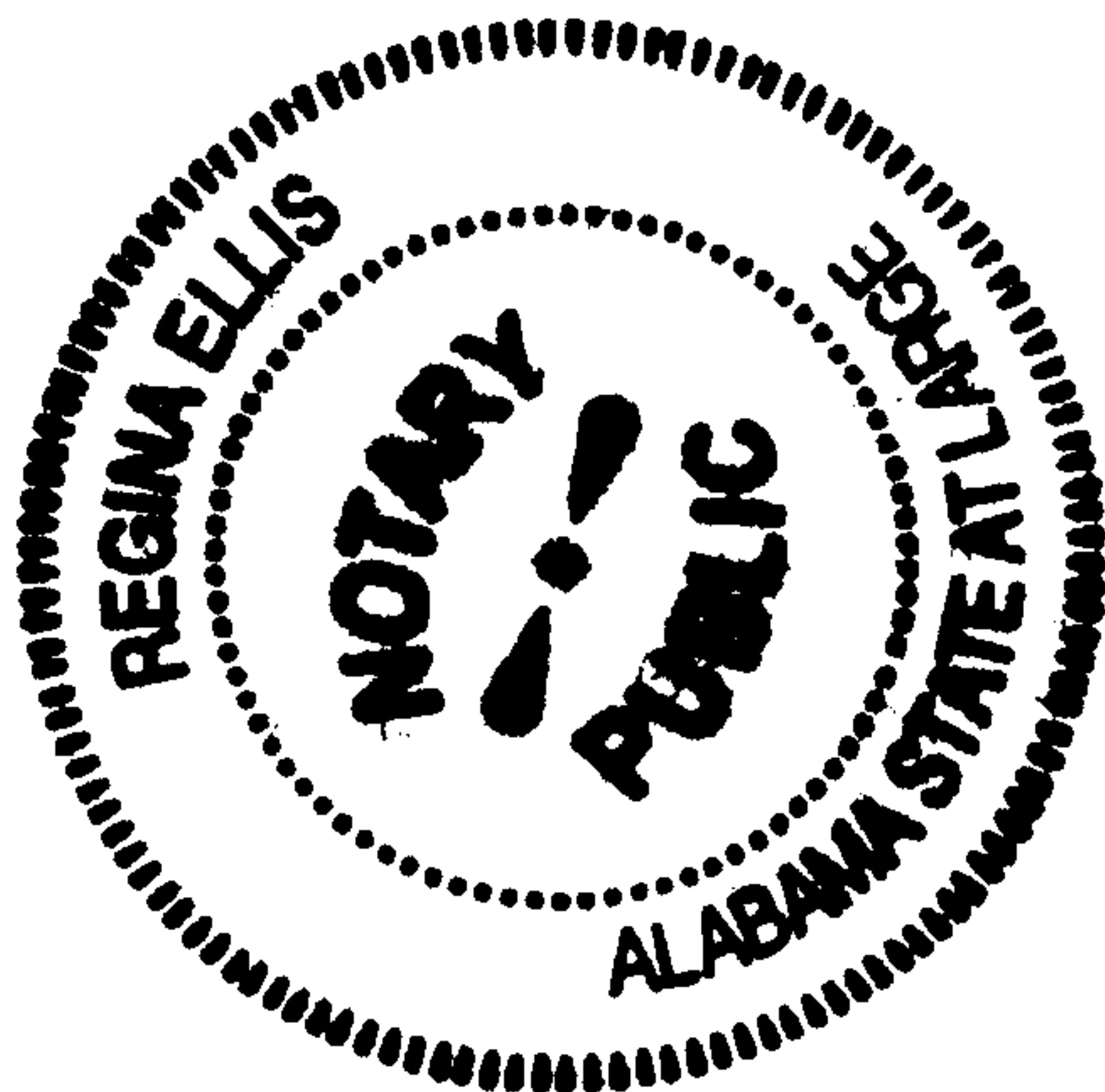


EXHIBIT "A"

Lots 7, 8, 9, 63, 79 and 80 according to the Final Map of Belvedere Cove, Phase I, as recorded in Map Book 35, Page 45-A in the Probate Office of Shelby County, Alabama.

Lot 62 according to the Final Map of Belvedere Cove, Phase II, as recorded in Map Book 35, Page 76 in the Probate Office of Shelby County, Alabama.

Lots 18, 19, 20, 21, 23, 26, 27, 28, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 42, 43, 44, 45, 46, 47, 48, 51, 52, 53 and 55 according to the Final Map of Belvedere Cove, Phase III, as recorded in Map Book 36, Page 113 in the Probate Office of Shelby County, Alabama and a resurvey of Lots 18-24 Belvedere Cove Phase III according to the Resurvey of No. 1 Belvedere Cove as recorded in Map Book 37, Page 86 in said Probate Office

EXHIBIT "B"

Future Waiver of Surface Rights

1. For purposes hereof, the following terms shall have the meanings assigned to them below:

"Conveyance Date" with respect to each Improved Lot shall mean the date of recording of the first deed to such Improved Lot (in the real property records of the county in which such Improved Lot is situated) following the completion of construction of a residence thereon.

"Improved Lot" shall mean a Lot upon which construction of a residence has been completed.

"Lot" shall mean a residential lot situated within the boundaries of the Property for which a final plat has been approved by all required governmental authorities and recorded in the appropriate plat records of the county or counties in which the Property is situated.

"Owner" shall mean the grantee in the first deed to an Improved Lot following the completion of construction of a residence thereon for so long as such grantee holds title to such Improved Lot and, thereafter, shall mean the then-current record title holder of such Improved Lot.

"Surface" shall mean the area between the finished grade of an Improved Lot to a depth of thirty (30) feet below the finished grade.

All other defined terms used herein shall have the meanings assigned to them elsewhere in this Deed.

2. The following waiver of Surface rights shall be effective with respect to each Improved Lot from and after the Conveyance Date of such Improved Lot:

Effective as of the Conveyance Date of an Improved Lot, Grantee, on behalf of Grantee and its successors and assigns, hereby releases and waives unto and for the benefit of the Owner of such Improved Lot (and such Owner's successors-in-title thereto) all rights of ingress and egress to enter upon the Surface of such Improved Lot for purposes of exploring for, developing or producing the Minerals, Resources and Groundwater conveyed by this Deed; provided, however, nothing herein shall be deemed to prevent Grantee, or its successors or assigns, from exploring for, developing, drilling, producing, withdrawing, capturing, pumping, extracting, mining or transporting the Minerals, Resources and Groundwater in, on and under, and that may be produced from the Lots (including Improved Lots) or the Property, by pooling, unitization, directional drilling or any other manner or method that does not require the entry upon the Surface of such Improved Lot, and there is hereby expressly reserved to Grantee, and its successors and assigns, the right to explore for, develop, drill, produce, withdraw, capture, pump, extract, mine and transport the Minerals, Resources and Groundwater from the Lots (including any Improved Lots) and the Property (and to have access to and control of underground

formations of the Minerals, Resources and Groundwater) through wells or other structures at surface locations situated outside the boundaries of such Improved Lot.

The foregoing waiver of Surface rights shall not be effective as to (a) any Lot which is not an Improved Lot, or (b) any Improved Lot until the Conveyance Date of such Improved Lot.

3. At such time as the foregoing waiver of Surface rights becomes effective with respect to an Improved Lot, such waiver of Surface rights, as it affects such Improved Lot, shall be subject and subordinate to any and all matters of record in the county in which the Property is situated, including, without limitation, any easements created for access or for transportation of any Minerals, Resources or Groundwater. Subject to the terms of the preceding sentence, any successor or assignee of Grantee's interest in the Minerals, Resources and Groundwater or any portion thereof shall take the same subject to the foregoing waiver of Surface rights, and any conveyance, assignment, lease or other transfer of all or any portion of Grantee's interest in the Minerals, Resources and Groundwater shall be deemed to be made subject to the foregoing waiver of Surface rights, whether or not expressly stated in such conveyance, assignment, lease or other transfer. No such conveyance, assignment, lease or other transfer shall be deemed to cause the foregoing waiver of Surface rights to be effective with respect to any Lot prior to the date stated in Section 2 above.

4. With respect to the Property or any portion thereof, the foregoing waiver of Surface rights and any other provisions of this Exhibit "B" may be terminated or amended by a written agreement signed by Grantee, or its successors or assigns, and the then-current record title holder of the Property or such portion, which written agreement shall be recorded in the real property records of the county in which the Property or such portion is situated.

5. The foregoing waiver of Surface rights (a) does not affect any Minerals, Resources and Groundwater, or any interest therein, not conveyed by this Deed, and (b) must vest, if at all, not later than the 21st anniversary of the death of George H. W. Bush's last living descendant who is alive on the date of this Deed.