

Exhibit B

OIL & GAS LEASE

AGREEMENT, made and entered into this ____ day of _____, 2011, (hereinafter the Effective date) by and between _____, having an address of _____, (herein called Lessor), Party of the First Part, and Cunningham Energy LLC, having an address of 3230 Pennsylvania Ave. Charleston, WV 25302 (herein called Lessee), Party of the Second Part.

WITNESSETH:

1. CONSIDERATION AND LEASING CLAUSE: Lessor(s), in consideration of the mutual promises, and benefits and detriments herein, which is stipulated to be good, adequate and valuable consideration, the sufficiency of which is hereby acknowledged by both parties including the payment of the stipulated Bonus Consideration per net acre (all acres for which Lessor has good title in the opinion of Lessee) that is approved on or before March 15, 2012 and in further consideration of the covenants and agreements herein contained on the part of the Lessee to be kept and performed, has granted, demised, leased and let and by these presents do grant, demise, lease and let unto the said Lessee the lands hereinafter described with the exclusive right of drilling and operating wells for oil and gas thereon, coal bed methane, and producing and transporting the oil and gas therein, together with the right to construct and maintain all pipelines, tanks, power lines, compression equipment, temporary structures within a spud site, and telephone lines that Lessee may deem necessary or convenient for the production and transportation of oil, gas or water, or anyone or more of them, from this and any other lands held by Lessee under oil and gas leases in the drilling unit of which this lease shall become a part of, together with rights for a road right-of-way to enjoy rights of ingress and egress to and from said lands; together with right-of-way over said premises for the purposes aforesaid; said premises being held by Lessee under oil and gas leases, together with right-of-way over said premises for the purposes aforesaid. All rights not expressly granted herein are reserved to the Lessor.

DESCRIPTION: Underlying that certain tract(s) or parcel(s) of land containing _____ Acres, more or less, situate in _____ Township, _____ County, State of Ohio, which land was acquired by _____ from _____, dated _____, and recorded in Book _____ page _____, herein referred to as the "Premises," Athens County Auditor's Parcel I.D.#s

of which Lessor is the owner.

2. LEASE TERM: Lease shall remain in force for a term of Five (5) years from and after the Effective Date (herein called the "Primary Term"), and as long thereafter as any leased minerals are produced in commercial quantities from the Premises.

3. EXTENSION OF PRIMARY TERMS: Lessee has the option to extend the Primary term of this Lease for one additional term of Five (5) years from the expiration of the Primary term of this Lease; said extension to be under the same terms and conditions as contained in this Lease with the Bonus Payment increasing to

\$3,000.00 per acre which is due and payable at the beginning of the new term. Exercise of this option is at Lessee's sole discretion and may be invoked by Lessee where no other alternative of the Lease Term clause extends this Lease beyond the Primary term.

3.4. **RIGHT OF FIRST REFUSAL:** If at any time within 30 days of the expiration of the Lease's primary term or any continuation or extension thereof Lessor should receive a bona fide, acceptable offer to grant an additional lease ("Top Lease") for all or part of the subject premises, Lessor shall grant Lessee the option of meeting the terms and conditions of said offer. Any offer from Lessor to Lessee for a Top Lease must be in writing and detail the proposed Lessee, bonus and royalty consideration offered for such Top Lease, and must include a copy of the proposed Top Lease reflecting all relevant terms and conditions. Lessee shall then have thirty (30) days after receipt from Lessor to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. Should Lessee fail to notify Lessor within the aforesaid thirty (30) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said Top Lease. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

4.5. **PAYMENTS TO LESSOR(S):** Lessee covenants to pay Lessor(s), proportionate to Lessor's(%) percentage of ownership, as follows:

a. **Bonus and Delay Rental Payments.** Bonus and Delay Rental Payments. (a) Primary Term: Lessee agrees to pay Lessor a bonus of Two Thousand Five Hundred and & NO/100 Dollars (**\$ 2,500.00**) per net mineral acre upon the effective date of this Lease March 15, 2012. If payment in full is not received on or before this date, this agreement is void and of no force and effect. Net mineral acre is defined as that number of acres which become a part of this lease. In addition thereto, Lessee agrees to pay Lessor as rental during the Primary Term of this Lease in lieu of commencement of Operations a rental in the amount of Fifty & NO/100 Dollars (\$50.00) per net mineral acre leased hereunder per year for the period of the Primary Term. Said total rental for the Primary Term of this Lease shall be paid at the time this Lease is effective. Payment of said bonus and paid-up delay rentals for the Primary Term of the lease shall allow Lessee to delay or forego development, including without limitation to delay or forego production under the Lease and to delay or forego commencement of operations; and notwithstanding any delay in or foregoing of development, this Lease shall continue in full force and effect throughout the Primary Term by virtue of said bonus and delay rental payments. It is agreed that Lessee may drill or not drill on the land, as it may elect, and the consideration, bonus and paid-up delay rentals constitute adequate compensation for such privilege. Lessee may at any time execute and deliver to Lessor or record a release or releases covering any portion or portions of the 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 Lessee shall have reasonable and convenient easements for pipelines, pole lines, roadways and other facilities through and over the portions of the Premises surrendered for the purpose of Operations on the portions of the Premises retained, or Operations on other lands.

b. **ROYALTY:** Lessee agrees to pay Lessor(s) as Royalty, as follows:

i. **Deep Gas Royalty:** Lessee shall pay to Lessor a royalty equal to Sixteen percent (16.0%) of the Gross Proceeds of the deep gas owned by Lessor and produced and sold from the Premises. The term "Sixteen percent (16.0%) of the Gross Proceeds" is herein defined as 16.0% of the sales price received by Lessee for oil and gas owned by Lessor and produced and sold from the Premises. Additionally, it is agreed that any royalty conveyances in Lessor's chain of title shall be deducted from this royalty amount. Payment of royalties due under this Section 5(b) shall be due and payable monthly to Lessor no later than the last day of the calendar month which is three months following the calendar month in which production occurred; provided, however, that in the event any such payment is less than \$25.00, Lessee, at its discretion, may withhold such payment until the total due Lessor equals or exceeds \$25.00.

ii. **Oil and Shallow Gas Royalty:** Lessee shall pay to Lessor a royalty equal to twelve and one-half percent (12.5%) of the Gross Proceeds of the oil and Shallow gas owned by Lessor and produced and sold from the Premises. The term "twelve and one-half percent (12.5%) of the "Gross Proceeds" is herein defined as 12.5% of the sales price received by Lessee for shallow oil, gas, (Defined as the Clinton Sands or above)or coalbed methane gas owned by Lessor and produced and sold from the Premises. Additionally, it is agreed that any royalty conveyances in Lessor's chain of title shall be deducted from this royalty amount. Payment of royalties due under this Section 5(b) shall be due and payable monthly to Lessor no later than the last day of the calendar month which is three months following the calendar month in which production occurred; provided, however, that in the event any such payment is less than \$25.00, Lessee, at its discretion, may withhold such payment until the total due Lessor equals or exceeds \$25.00.

5.6. **POOLING:** Lessee is hereby given the right at its option, at anytime from the date hereof while this agreement shall be in effect and from time to time within such period, to pool all or any part or parts of the leased premises or rights therein with any other land in the vicinity thereof, or with any leasehold, operating or other rights or interests in such other lands to create units of such size and surface acreage a Lessee may desire but not containing more than Six Hundred and Forty (640) acres. If at anytime larger units are required under any applicable law, rule, regulation or order of any governmental authority for the drilling completion, or operation of a well, any such unit may be established or enlarged to conform to the size specified. Each unit may be created by governmental authority or by a written declaration-notice executed by Lessee and delivered to Lessor(s) containing a description of the unit so created, specifying the mineral stratum of horizon so pooled, if so limited. Any well which is commenced, or is drilled or is producing on any part of any lands theretofore or thereafter so pooled shall, except for the payment of royalties, be considered a well commenced, drilled, and producing on the lands hereby leased. There shall be allocated to the portion of the leased premises included in any pooling such proportion of the actual production from all lands so pooled as such portion of the leased premises, computed on an acreage basis, bears to the entire acreage of the lands so pooled. The production so allocated shall be

considered for the purpose of payment or delivery or royalty to be the entire production from the portion of the leased premises included in such pooling in the same manner as though produced from such portion under the terms of the lease. Each of said portions maybe exercised by Lessee from time to time, and a unit maybe formed either before or after a well has been drilled or production has been established on the leased premises or on a portion of the leased premises which is included in the pool or on other lands which are pooled therewith.

- 6.7. **METHOD OF PAYMENT:** All royalty payments under this lease will be made by check payable to the order of Lessor(s), and sent by United States Mail to the address indicated above who is / are hereby nominated and constituted the depository for the above Lessor(s), the heirs, personal representatives and assigns, to accept, receive and receipt for all moneys payable Lessee hereunder, and shall continue as such depository regardless of changes in the ownership of said lands or transfer of the Lessor's(?) rights.
- 7.8. **LIENS:** Lessor(s) hereby covenant and agree that Lessee at its option but without any obligation to do so, may pay and discharge any and all taxes, mortgages or other liens and encumbrances upon said premises in the event of default of payment by Lessor(s), and in that event shall be subrogated to all the rights of the holder or holders of such mortgages or other liens and encumbrances, with the full right to enforce the same, or may retain for payment of such taxes, mortgages or other liens and encumbrances the royalties and / or rentals accruing hereunder.
- 8.9. **PARTIAL INTEREST:** If Lessor(s) own a less interest of the oil and gas in said lands than the entire undivided fee simple estate, then the rental and royalties hereunder shall be paid to Lessor(s) only in the proportion which Lessor's(?) interest bears to the whole and undivided fee. If the true acreage of the leased premises shall be found to be less than the number of acres above recited, the rental hereunder shall be reduced proportionately, and the Lessor(s) hereby release Lessee from payment of rental upon any acreage in excess of the true area of said premises.
- 9.10. **CONTROVERSY OR DISPUTE:** In case of any controversy or dispute regarding title to said premises or any part thereof, or regarding the ownership of any sums payable hereunder, Lessee shall notify Lessee and give Lessee an opportunity to participate in efforts to correct or remedy the issue.
- 10.11. **DRILLING OPERATIONS:** Lessee shall have the right to use, free of royalty or any other charge, gas, oil and water from said lands for drilling operations on the premises.
- 11.12. **FREE GAS:** Lessor(s) may have **200,000** cubic feet of free gas per year for domestic use in one dwelling house on the Leasehold from a well located on the Leasehold at a point of connection chosen by the Lessee. This right to free gas is subject to existence of a well on the Leasehold which is capable of production of such free gas. The right to free gas creates no right of service in the Lessor(s), no obligation of service on the Lessee, and Lessee shall be held harmless in the event of interruption of service for any reason. In order to receive free gas hereunder, Lessor(s) shall furnish and install the necessary house lines, regulators and all other equipment necessary to receive and control gas in conformity with applicable safety standards, including any standards set by the State of Ohio for domestic gas service. Lessor(s) shall be solely responsible for maintaining all lines, regulators and other equipment necessary for the receipt of free gas. Lessor(s) understands and acknowledges that there are risks associated with the use of gas, including, but not limited to, the risk of fire, explosion and/or asphyxiation, and Lessor(s) hereby assumes these risks completely. Lessee shall be held harmless regarding any

injury or mishap resulting from or associated with the use of free gas. The taking of free gas hereunder by the Lessor(s) shall be considered as production of gas for purposes of extending the term of this Lease pursuant to the "Lease Term" provision hereof. However, notwithstanding any provision of this Lease to the contrary, should this Leasehold be pooled, unitized or combined with other lands pursuant to the "UNITIZATION" provision hereof and a productive well be drilled on the unit, Lessor(s) agrees that the amount of annual free gas due hereunder from that well shall be calculated by multiplying 200,000 cubic feet by the percentage that the number of acres of this Leasehold which are included in the unit bears to the total number of acres in the unit. All gas used by Lessor(s) in excess of the annual amount of free gas due hereunder shall be paid for by Lessor(s) at the applicable rates current from time to time as paid by the purchaser of gas from Lessee's well(s) located on the Leasehold.

- 12.13. **WELL DRILLED:** It is understood that Lessee's obligations under paragraphs 2 and 3 will be completed when Lessee drills a well that is in full force and effect. If the well is shut-in, suspended, subject to dewatering operations or otherwise not producing for any reason whatsoever for a period of ninety (90) consecutive days or more (the "Shut-in Period") then this lease shall not terminate so long as all such wells are shut-in, suspended, not producing or such dewatering operations continue. For each such well, Lessee shall pay or tender to Lessor Three Hundred Dollars (\$300) per year, with such payment or tender to be made on or before the anniversary date of this lease next ensuing after the expiration of the Shut-in Period, and thereafter on or before the anniversary date of this Lease during the period such well is shut in, suspended, not producing or subject to de-watering operations.
- 13.14. **REMOVAL OF MATERIALS:** Lessee shall have the right at anytime and from time to time before or after expiration of this lease to remove all pipelines, machinery, fixtures, equipment and other such property placed by it on said premises, including the right to draw and remove casing.
- 14.15. **FORFEITURE PROVISION:** This lease shall never be forfeited or terminated for failure of Lessee to perform in whole or in part any of its express or implied covenants conditions or obligations until it shall first been finally judicially determined that such failure exists, and Lessee shall have been given a reasonable time after such final determination within which to comply with any such covenants, conditions or obligations. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, either expressed or implied, Lessor shall notify (the "Notice") Lessee in writing via certified United States mail, setting out specifically in what respects Lessee has breached this Lease. Lessee shall then have ten (10) days after receipt of the Notice to cure such default if it is for non-payment and forty five (45) days after receipt of the Notice within which to either: (a) meet or commence to meet all or any part of the breaches alleged by Lessor; (b) provide an answer to Lessor outlining the reasons why, in Lessee's reasonable opinion, the breach or breaches alleged by Lessor have not occurred. The service of the Notice shall be precedent to the bringing of any action by Lessor on this Lease for any cause, and Lessor shall bring no such action until the lapse of forty five (45) days after service of the Notice on Lessee. Neither the service of the Notice, nor the doing of any acts by Lessee aimed to meet any, or all of the alleged breaches as set forth in the Notice shall be deemed an admission or presumption that Lessee failed to perform all its obligations under this Lease. In the event of any default hereunder by either party, the non-defaulting party shall have all rights and remedies available at law or in equity. Further, the prevailing party shall be entitled to reimbursement from the defaulting party for any and all

reasonable and necessary attorneys fees and court costs incurred in the enforcement hereof.

- | 15.16. **TITLE:** Lessor(s) hereby generally covenants that Lessee shall have quiet possession of said lands and Lessee shall be relying solely upon his own investigation and inspection as to title.
- | 16.17. **SUCCESSORS:** This lease and all the covenants and terms thereof shall extend to and bind the heirs, personal representative, successors and assigns of the respective parties, but no transfer of ownership of the lands or of any rights to Lessor(s) hereunder shall be binding on Lessee until after Lessee has been furnished with a true copy of the conveyance or instrument of transfer together with a memorandum of the post office address of the transferee. If Lessee's rights hereunder shall be assigned as to part or parts of the above described lands and the assignee or assignees shall make default in the payment of the proportionate part of the rent due to them, such default shall not defeat or affect this lease, in so far as it covers a part or parts or said lands upon which Lessee or any assigns shall make due payment of rental. Notwithstanding the death of the Lessor(s), or successors in interest, the payment or tender of rentals in the manner provided herein shall be binding on the heirs, devisees, executors and administrators or the Lessor(s) and successors in interest. Should Lessee sell or assign this Lease before drilling a well that covers the premises, Lessee shall pay to Lessor 50% of the gross selling price per acre that it receives for any such sale or assignment to a third party that is not a Joint Venture partner of Lessee.
- | 17.18. **FORCE MAJEURE:** In the event Lessee is rendered unable, in whole or in part, by a force majeure to carry out its obligations under this agreement, other than to make payments of amounts due hereunder, its obligation so far as they are affected by such force majeure shall be suspended during the continuance of any inability so caused. The term "force majeure: as employed herein shall be acts of God, strikes, lockouts, or other industrial disturbances, acts of public enemy, wars, blockades, riots, epidemics, lightning, earthquakes, explosions, accidents or repairs to machinery or pipes, delays of carriers, inability to obtain materials or right-of-way on reasonable terms, acts of public authorities, or any other causes, whether or not the same kind as enumerated herein, not within the control of the Lessee and which by the exercise of due diligence Lessee is unable to overcome. No event that is proximately caused by the Lessee's negligent, reckless, intentional, or malicious conduct shall be deemed a "force Majeure" for the purposes of this lease.
- | 18.19. **SURRENDER:** At anytime or times Lessee shall have the right to surrender this lease as to the whole or any part of the acreage covered by this lease by payment or tender of Lessor(s), or deposit to Lessor's(?) credit to the sum of One Dollars (\$1.00) and all amount due and payable hereunder to the date of such surrender, and by delivering to Lessor(s), or recording in the office of the County Recorder where the tract is located.
- | 19.20. **DEFINITIONS:** The term "gas" as used herein denotes gas in its natural state as produced from the well, including its content of natural gasoline. "Lessor(s)" includes both singular and plural. For the purposes of this Lease, "Operations" includes any of the following which may occur on the Lands or lands pooled or unitized therewith or with any portion thereof: (i) drilling (which includes applying for permits, the commencement of clearing operations on or adjacent to the wellsite area such as the removal of trees, the construction of access roads in preparation for drilling, the delivery of heavy equipment, and the use of bona fide good faith continuing efforts to diligently prepare the physical

wellsite area as required prior to the commencement of actual drilling activities; or (ii) testing, completing, reworking, recompleting, deepening, sidetracking, stimulating, fracturing, plugging back or repairing a well or equipment; or, (iii) any acts to maintain, restore or increase the production of oil or gas or both, including without limitation injecting substances into a well; or, (iv) production of oil or gas or both; or, (v) dewatering of any well. If, at the expiration of the primary term of this Lease, oil or gas is not being produced from the Lands or lands pooled or unitized therewith or with any portion thereof, but Lessee is then engaged in Operations thereon, then this Lease shall continue in force so long as Operations are being continuously prosecuted on the Lands or on lands pooled or unitized therewith or with any portion thereof; and Operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) days shall elapse between the completion of one set of Operations and the beginning of subsequent Operations. If after discovery of oil or gas on the Lands or on lands pooled or unitized therewith or with any portion thereof, the production thereof should cease from any cause after the Primary Term, this Lease shall not terminate if Lessee commences additional Operations within one hundred twenty (120) days from the later of the date of cessation of the previous Operations or of production or from date of completion of dry hole.

| 20-21. **COMPLIANCE WITH LAWS & REGULATIONS:** All expressed or implied covenants of this lease shall be subject to All Federal and State Laws, executive orders, rules or regulations, and this lease shall not be terminated in whole or in part, nor shall Lessee be held liable for damages, for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

| 21-22. **ASSIGNABILITY:** This Lease and all of the conditions, covenants and terms thereof shall extend to and bind the successors and assigns of Lessor and Lessee. The rights of either party to this Lease may be assigned in whole or in part and the provisions of this Lease shall extend to and be binding upon their respective heirs, successors, personal representatives and assigns. No change of ownership of the Premises, or in the right to receive royalties or other payments hereunder, shall be binding on Lessee until thirty (30) days after Lessee has been furnished with written evidence satisfactory to Lessee of such change of ownership or right to receive payments. If the Premises should be subdivided or partitioned or otherwise owned in severalty or in separate tracts, the Premises nevertheless may be developed and operated by Lessee as one lease; and, absent written instructions signed by all owners, all royalties and payments provided for hereunder shall be divided among, and paid to, such separate owners in the proportion that the acreage owned by such separate owner bears to the entire leased acreage.

| 22-23. **ENTIRE CONTRACT:** This lease and the attached Addendum states the entire contract between the parties, and no representative or promise, verbal or written, on behalf or either party shall be binding unless contained herein.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF the parties have signed, sealed and delivered these presents the day and year first above written:

Ryan E. M. Cunningham
President, Cunningham Energy, LLC

Landowner's signature.

STATE OF _____
COUNTY OF _____

I, _____, a Notary Public in and for said County and State of aforesaid, do hereby certify that _____ personally appeared before me this day in person and acknowledged that they signed, sealed and delivered the above agreement as their free and voluntary act.

Given under my hand this ____ day of _____, 2011.

My commission expires: _____.

Notary Public

STATE OF _____
COUNTY OF _____

I, _____, a Notary Public in and for said County and State of aforesaid, do hereby certify that **Ryan E. M. Cunningham** personally appeared before me this day in person and acknowledged that he signed, sealed and delivered the above agreement as his free and voluntary act.

Given under my hand this ____ day of _____, 2011.

My commission expires: _____.

Notary Public

This instrument prepared by:
Joseph R. Blackhurst
Cunningham Energy LLC
3230 Pennsylvania Avenue
Charleston, WV 25302

EXHIBIT "A" ADDENDUM TO OIL AND GAS LEASE

This Exhibit "A" is attached to and made a part of that certain Oil and Gas Lease dated _____, 2011, by and between _____

_____, as Lessor, and Cunningham Energy LLC, having an address of 3230 Pennsylvania Ave. Charleston, WV 25302, as Lessee. If any of the following provisions of this Addendum conflict with or are inconsistent with the printed provisions or terms of the Lease, the following provisions of this Addendum shall control.

1. **Conflict of Terms:** Notwithstanding anything to the contrary considered in the Oil and Gas Lease to which this Addendum is attached and made a part of, the provisions of this Addendum shall prevail whenever in conflict with the provisions of the Oil and Gas Lease.

2. **Reclamation:** On completion of any operation, Lessee shall clean up the lease premises and remove all debris, equipment, and personal property which Lessee placed on the lease premises (except for equipment needed for the operation of producing wells, which shall be removed within six (6) months after a well permanently ceases to produce), which leave the lease premises in a neat and clean condition. While conducting operations, Lessee shall keep the premises in a neat and clean condition.

3. **Surface Restoration Clause:** It is agreed and understood that the Lessee shall repair and restore the surface of said premises as nearly as practicable, as a result of the Lessee's operations, to the condition in which said land existed at the time of the commencement of drilling operations upon above described land. This work shall be completed within a reasonable amount of time after all cessation of the drilling operations upon the said lands. This work shall be done at the sole expense of the Lessee.

4. **Timber Clause:** Lessee agrees to notify Lessor at least thirty (30) days prior to commencing any construction activities on the leased premises to allow Lessor's removal of marketable timber in the area(s) identified by Lessee for the proposed operations hereunder. Should Lessor choose not to remove such marketable timber, Lessee may remove said timber from the proposed operations area and stack it for Lessor's benefit. Lessor may request that Lessee stack the marketable timber on the leased premises at a mutually agreeable location in close proximity to the construction site, and said marketable timber shall remain the property of Lessor.

5. **Fresh Water Damage:** In the event any activity carried on by the Lessee pursuant to the terms of this lease damages, disturbs, or injures Lessor's fresh water well, springs or other water source located on the leased premises, Lessee shall, at its sole cost and expense, correct any such damage, disturbance, or injury or be liable for all damages associated therewith.

6. **Pipelines - Plow Depth:** Lessee shall bury any gathering or service pipelines that it may construct a minimum depth of 32 inches below ground level. The location of any such pipelines shall be mutually agreed upon. Nothing within this paragraph, lease or addendum shall be construed as authorizing the construction of a transmission pipeline to transport oil, gas and other liquids across through or under Lessor's property. The definitions of 49 C.F. R. 192.3 shall apply. A "**Gathering line** means a pipeline that transports gas from a current production facility to a transmission line or main" and a "**Transmission line** means a pipeline, other than a gathering line, that: (1) Transports gas from a gathering line or storage facility to a distribution center, storage facility, or large volume customer that is not down-stream from a distribution center; (2) operates at a hoop stress of 20 percent or more of SMYS; or (3) transports gas within a storage field" and a "**Service line** means a distribution line that transports gas from a common source of supply to an individual customer, to two adjacent or adjoining residential or small commercial customers, or to multiple residential or small commercial customers served through a meter header or manifold. A service line ends at the outlet of the customer meter or at the connection to a customer's piping, whichever is further downstream, or at the connection to customer piping if there is no meter."

7. **No Storage Rights:** Notwithstanding anything herein contained to the contrary, Lessee agrees the herein described leased premises shall not be used for the purpose of gas storage as defined by the Federal Energy Regulatory Commission. Any reference to gas storage contained in this lease is hereby deleted. If Lessor wishes to enter into an agreement regarding gas storage using the leased premises with a third party, Lessor shall first give Lessee written notice of the identity of the third party, the price or the consideration for which the third party is prepared to offer, the effective date and closing date of the transaction and any other information respecting the transaction which Lessee believes would be material to the exercise of the offering. Lessor does hereby grant Lessee the first option and right to purchase the gas storage rights by matching and tendering to the Lessor any third party's offering within 30 days of receipt of notice from Lessor.

8. **No Disposal and/or Injection Wells Clause:** Lessee agrees the herein described leased premises shall not be used for any disposal and/or injection wells. Any reference to disposal and/or injection wells contained in this lease is hereby deleted.

9. **Fence Clause:**

Upon written request of Lessor, Lessee shall: (a) fence all producing wells, tank, batteries, pits, separator, drip stations, pump engines and other equipment placed on the leased premises, with a fence capable of turning sheep, goats and cattle; (b) keep the fences on the leased premises in good repair; and (c) keep all gates and fences closed when not in use.

10. **Gate Clause:** Upon the written request of Lessor, Lessee shall install at its sole cost and

expense a gate at the entrance of any road constructed by Lessee on the leased premises provided that Lessor is the current surface owner of the affected lands at the time of Lessee's surface operations.

11. Fence and Gates: Lessee shall promptly replace any barrier, including but not limited to, fences and stone walls, removed by Lessee during its operations on said land similar in type and construction as presently exist. The type of gates constructed shall be solely at Lessee's option. An access key will be provided or a double lock system installed by Lessor and Lessee. Gates are to be closed and locked when employees are not on the premises.

12. Mutual Agreement: Before commencing any drilling operation on the herein Leased Premises, there shall be a meeting between the Lessor and Lessee. Lessor and Lessee shall mutually agree on the location of all well pads or spudding sites, routes of ingress and egress, and/or pipeline routes pertinent to Lessee's operations on the Leased Premises, or lands pooled therewith. Pipelines to gather and remove gas from the drilling unit and neighboring drilling units held by Lessee shall be permitted as well as service lines. Lessor shall not unreasonably withhold, delay, or condition consent to such locations. Lessee shall make every effort to use existing logging and township roads. This shall not be construed as authority to construct a transmission pipeline over, across or through the demised premises. A transmission right of way is beyond the scope of this lease and would be subject to another agreement.

13. Double Ditch Method: If Lessee wishes to use farm or grazing lands to lay pipelines, Lessee agrees to use a double ditch method for laying pipelines, which is topsoil to one side and subsoil to the other; when filling the ditch, the subsoil is replaced first and topsoil is placed on the top.

14. No Construction Within 500 feet: No well shall be drilled nearer than five hundred (500) feet of any building, water well, spring, pond, or septic system on the Leased Premises without the written consent of Lessor. No pipeline shall be constructed nearer than two hundred fifty (250) feet of any building, water well, spring, pond, or septic system on the Leased Premises without the written consent of Lessor.

15. No Use of Ponds and Lakes: Lessee shall not use water from Lessor's wells, ponds, lakes, springs, creeks or reservoirs ("Water") located on the Leased Premises. Lessee shall be fully responsible for any material damage caused to Lessor's water by any operations conducted pursuant to this Lease.

16. Shut-in Limitation: Lessee agrees that the shut-in royalty payment provided for in the Lease will be increased to Twenty-Five Dollars (\$25.00) per acre. Said shut-in royalty shall be paid or tendered to the Lessor within thirty (30) days after the end of each continuous one hundred eighty (180) day period in addition to any royalty owed on the gas once it is marketed. Upon payment of the shut-in royalty as provided herein, the Lease will continue in full force and effect while production is shut-in. It is understood and agreed that, in the sole discretion of the Lessor, this Lease may not be maintained in force for any continuous period of time longer than three (3) consecutive years after the expiration of the primary term hereof solely by the provision of the shut-in royalty clause.

17. Ad Valorem Taxes: Lessee agrees to pay all ad valorem taxes or any similar tax or assessment of oil and gas production or reserves made by any local, state, or federal entity or governmental unit attributable to, or resulting from, the assessment of oil and gas production or reserves from the Leased Premises regardless of the percentage of royalty paid to Lessor. Lessee also agrees to pay all severance taxes and other excise taxes resulting from this Lease.

18. Annual Payment Clause: At the sole option of Lessor, Lessee agrees to pay the **Delay Rental Payments** in Paragraph 5. a. for the Primary Term and any Secondary Term of this lease **annually instead of up front**, beginning March 15, 2012.

19. No Compressor: This Lease does not grant Lessee the right to construct large scale compression facilities on the Leased Premises other than those necessary and electronically powered for the production and transportation of products produced from the Leasehold or lands pooled or unitized therewith. Lessee agrees that the Leased Premises described herein will not be used as a central processing facility or storage area for equipment and materials. All reasonable attempts shall be made to minimize noise.

20. Declaration of Production Unit: Lessee shall furnish to Lessor, a declaration of a production unit of which the Leased Premises shall be part, including a copy of all plats, maps, and exhibits of said unit. Production units shall not exceed 640 acres unless agreed to by Lessor.

21. Bonus Consideration: Lessee shall pay to the Lessor the sum of Two Thousand Five Hundred and no\100Dollars (\$2,500.00) per acre of each acre for which title is confirmed satisfactorily to Lessee in its sole discretion. Lessee shall pay to Lessor the Bonus Consideration on all confirmed acres **by March 15, 2012** or this lease is totally void and of no force and effect. Lessee shall not conduct any operations pursuant to this lease until the Bonus Consideration is paid to Lessor. Any Bonus Consideration paid shall not be refundable for any reason, except in instances of fraud. At the end of the initial five year Primary term, if Lessee elects to renew this lease for another five year term, the Bonus Consideration shall increase to \$3,000.00 per acre which is due and payable in full at the beginning of said new five year term. Notwithstanding anything to the contrary in the *Order of Payment*, payment-in-full is due no later than **March 15, 2012 or this agreement is void, and of no force and effect.**

22. Royalty and Gas Measurement: Lessee agrees to pay to the Lessor, as royalty for the oil, gas, hydrocarbons and by-products marketed and produced from each well drilled thereon, the sum of sixteen (16.0%) of the gross price paid to Lessee for such gas, oil, and other hydrocarbons so produced and marketed from the leased premises. The price upon which royalty is calculated shall not be less than the fair market value received for gas, oil, and other hydrocarbons so produced based on arms-length transactions for similarly situated wells in the area, producing the same quantity, quality and being sold at the same point of sale. Payment of royalty for gas, oil, and other hydrocarbons marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee. There shall be no deductions

from said royalty payment for any reason, directly or indirectly, including, but not limited to, costs Lessee incurs for producing, gathering, storing, separating, treating, transporting, dehydrating, compressing, processing, marketing such oil and/or gas, nor shall there be any deductions for taxes, assessments, or any other pre or post production costs. It is the intent of the parties hereto that the royalty to be paid is based on the gross price paid for the gas and its constituents and the oil and its constituents.

Production from the leased premises shall be measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds of atmospheric pressure, at a standard base temperature of 60 degrees Fahrenheit and stipulated flowing temperature of 60 degrees Fahrenheit, without allowance for temperature and barometric variations. This measurement shall be at the wellhead. Reports, in reasonable and customary format, pertaining to the calculation of Lessor's royalty for any and all wells drilled on the Leased Premises or lands unitized or pooled with the Leased Premises shall be made reasonably available to Lessor.

Percentage. The royalties payable to the Lessor under this Lease shall be on a well-by-well basis. As to each and every deep well below the Clinton sands completed as a producer of oil and/or gas on the Leased Premises or on lands pooled therewith, the royalties paid to Lessor shall be Sixteen percent (16.0%) of all the oil, gas and casinghead gas and casinghead gasoline removed or recovered from the Leased Premises or, at Lessor's option (which shall be presumed to be exercised unless Lessor advises Lessee to the contrary prior to any applicable production month) the Gross Proceeds (as hereinafter defined in paragraph (d) of the total gross production attributable to the applicable well. For Clinton sands and above the percentage royalty payment shall be twelve and one-half percent (12.5%).

(1) Determination of Royalty Amount.

Lessee covenants and agrees:

To sell and execute division orders for the sale of all oil, condensate, casinghead gasoline and liquid hydrocarbons produced and saved by Lessee from the Leased Premises, including Lessor's share with Lessee's share and shall pay Lessor royalty (in accordance with paragraph (a) above), where applicable, based on the Gross Proceeds paid to Lessee or any Affiliate (as hereafter defined in paragraph (c)) of Lessee from the sale. From time to time, at the option of Lessor, to deliver or cause to be delivered to the credit of Lessor, in the pipeline or tanks to which Lessee may connect its wells, percentages (in accordance with paragraph (a) above) of all oil, condensate, casinghead gasoline and liquid hydrocarbons produced and saved from the Leased Premises;

To pay Lessor on gas and casing head gas produced from the Leased Premises, percentages of proceeds (in accordance with paragraph (a) above) based on:

the Gross Proceeds paid to Lessee from the sale of such gas and casing head gas when sold by Lessee in an arms-length sale to an unaffiliated third party, or

the Gross Proceeds, paid to an Affiliate of Lessee, computed at the point of sale, for gas sold by Lessee to an Affiliate of Lessee, and

the market value at the point of use, when used by Lessee.

To pay Lessor on all other byproducts and/or constituents marketed or utilized by Lessee from the Leased Premises, in accordance with paragraph (a), the percentages of the Gross Proceeds paid at the point of sale.

Affiliates. For purposes of this Lease, an "Affiliate of Lessee" is any corporation, firm or other entity in which Lessee, or any parent company, subsidiary or affiliate of Lessee, owns an interest of more than ten percent (10%) whether by stock ownership or otherwise, or over which Lessee or a parent company or Affiliate of Lessee exercises any degree of control, directly or indirectly, by ownership, interlocking directorate, or in any other manner; and any corporation, firm or other entity which owns any interest in Lessee, whether by stock ownership or otherwise, or which exercises any degree of control, directly or indirectly, over Lessee, by stock ownership, interlocking directorate, or in any other manner.

Gross Proceeds. For purposes of this Lease, "Gross Proceeds" means the total consideration paid for oil, gas, casing head gasoline associated hydrocarbons, and marketable by-products, produced from the Leased Premises or consideration for relinquishing any rights relating to this Lease whether in the form of payments, bonuses, premiums, pre-payments for future production or delivery of production at a future time, or sums paid to compromise claims relating to payment obligations with the following exceptions:

If gas produced from the Leased Premises is processed for the recovery of liquefiable hydrocarbon products prior to sale, and if such processing plant is not owned by Lessee or any Affiliate of Lessee, Lessor's royalty shall be calculated based upon the consideration paid to Lessee (or any Affiliate of Lessee) from Lessee's (or Lessee's Affiliate's) sale of such liquefiable hydrocarbons and residue gas.

If gas produced from the Leased Premises is processed for the recovery of liquefiable hydrocarbon products prior to sale, and if such processing plant is owned by Lessee or any Affiliate of Lessee, Lessor's royalty shall be calculated based on (a) the gross proceeds (without deduction for costs of processing) paid to Lessee (or any Affiliate of Lessee) from the sale of all products extracted from such gas, plus (b) the total consideration paid to Lessee (or any Affiliate of Lessee) from the sale of all residue gas.

If oil or gas production from the Leased Premises is produced in a plant for the extraction

of gasoline, hydrocarbons or other products, the value of the Gross Production shall, for purposes of determining royalty due, never be less than if such gas had not been processed.

Lessee shall pay to the Lessor royalty at the applicable royalty rate (paragraph (a)) on any monetary settlement received by Lessee from any breach of contract by Lessee's purchaser relating to the marketing, pricing, or taking of oil or gas production from the Leased Premises.

Costs of Production. Lessee shall place oil and gas produced from the Leased Premises in marketable condition and shall market same as agent for Lessor, at no cost to Lessor. Except as expressly provided in (d) above, Lessor's royalty shall not be charged directly or indirectly with any expense required to make gas marketable, including but not limited to the following: expenses of production, gathering, dehydration, compression, manufacturing, processing, treating, transporting or marketing of gas, oil, or any liquefiable hydrocarbons extracted therefrom.

Gross Proceeds. For purposes of this Lease, "Gross Proceeds" means the total consideration paid for oil, gas, casing head gas, casing head gasoline, associated hydrocarbons, and marketable by-products, produced from the Leased Premises or consideration for relinquishing any rights relating to this Lease whether in the form of payments, bonuses, premiums, pre-payments for future production or delivery of production at a future time, or sums paid to compromise claims relating to payment obligations with the following exceptions:

If gas produced from the Leased Premises is processed for the recovery of liquefiable hydrocarbon products prior to sale, and if such processing plant is not owned by Lessee or any Affiliate of Lessee, Lessor's royalty shall be calculated based upon the consideration paid to Lessee (or any Affiliate of Lessee) from Lessee's (or Lessee's Affiliate's) sale of such liquefiable hydrocarbons and residue gas.

If gas produced from the Leased Premises is processed for the recovery of liquefiable hydrocarbon products prior to sale, and if such processing plant is owned by Lessee or any Affiliate of Lessee, Lessor's royalty shall be calculated based on (a) the gross proceeds (without deduction for costs of processing) paid to Lessee (or any Affiliate of Lessee) from the sale of all products extracted from such gas, plus (b) the total consideration paid to Lessee (or any Affiliate of Lessee) from the sale of all residue gas.

If oil or gas production from the Leased Premises is produced in a plant for the extraction of gasoline, hydrocarbons or other products, the value of the Gross Production shall, for purposes of determining royalty due, never be less than if such gas had not been processed.

(i) Lessee shall pay to the Lessor royalty at the applicable royalty rate (paragraph (a)) on any monetary settlement received by Lessee from any breach of contract by Lessee's purchaser relating to the marketing, pricing, or taking of oil or gas production from the

Leased Premises.

Costs of Production. Lessee shall place oil and gas produced from the Leased Premises in marketable condition and shall market the same as agent for Lessor, at no cost to Lessor. Except as expressly provided in (d) above, Lessor's royalty shall not be charged directly or indirectly with any expense required to make gas marketable, including but not limited to the following: expenses of production, gathering, dehydration, compression, manufacturing, processing, treating, transporting or marketing of gas, oil or any liquefiable hydrocarbons extracted therefrom.

When Royalties Must be Paid. All royalties that may become due hereunder shall commence to be paid on the first well completed on the Leased Premises within one hundred twenty (120) days after the first day of the month following the month during which any well is completed and commences production into a pipeline or oil into transport for sale of such production. On each subsequent well, royalty payments must commence within ninety (90) days after the first day of the month following the month during which any well is completed and commences production into a pipeline for sale or oil into transport of such production. Thereafter, all royalties on oil shall be paid to Lessor on or before the last day of the second month following the month of production, and all royalties on gas shall be paid to Lessor on or before the last day of the third month following the month of production. Royalties not paid when due shall bear interest at the prime rate as published by the Wall Street Journal as of the date payment is first due, plus five percent (5%) per annum.

Delinquency in Payment. If royalty is not paid by the date due, Lessor may give Lessee written notice of nonpayment of royalty, by certified mail, return receipt requested, and if Lessor's royalty is not paid on or before expiration of forty-five (45) days from Lessee's receipt of such notice, interest shall commence accruing on the due date and be payable by Lessee to Lessor on the delinquent balance at the rate of five percent (5%) per annum above prime interest rate (as defined above). However, Lessee may avoid any interest obligation if prior to the expiration of such forty-five (45) days Lessor is furnished an attorney's written opinion citing a bona fide dispute or a good faith question of royalty entitlement (either as to ownership or as to amount), Lessee pays to Lessor the undisputed portion and Lessee pays the disputed royalty to an escrow account to be administered by a trustee agreed to by both parties or by the American Arbitration Association, if such trustee cannot be found. If practical, such escrow funds shall be invested in interest-bearing accounts pending resolution of the entitlement issue, with the interest to follow the distribution of escrow.

Split Royalties. If, by reason of assignments of undivided interests in Lessee's interest in this Lease, more than one party becomes entitled to a portion of Lessee's share of gas produced from any well on the Leased Premises, and if any or all of such co-owners elect to take their share of gas in kind, resulting in split-seam deliveries of gas to different purchasers, Lessor shall be entitled, at Lessor's election, to require the operator of the Leased Premises to pay and account to Lessor for all royalties due on gas production from the well or wells from which split-stream deliveries are being made, so that Lessor shall not be required to receive royalties from more than one

(1) purchaser or party on the same gas stream. If Lessor exercises such election, the operator of the Leased Premises (or of that portion of the Leased Premises upon which the split-stream production is located) shall pay to Lessor all royalties due on such gas production and shall provide production statements from all purchasers of such gas showing the amounts sold and the price paid therefore, with any applicable adjustments. Such election, if made, shall not relieve any party otherwise liable for payment of royalties from such liability, and all parties owning an undivided interest in all or any portion of the Leased Premises shall be and remain jointly and severally liable for the payment of all royalties due on production therefrom

24. Force Majeure: In the event Lessee claims that any duties or obligations of Lessee as contained in the Lease may not be fulfilled as a result of Force Majeure as defined in the Lease, Lessee shall provide notice to Lessor of the nature of the Force Majeure, indicate the expected length of delay, and work diligently to remove or resolve the force majeure event. The lease shall never be extended longer than a total of three (3) consecutive years due to the terms contained in the Force Majeure Clause of the Lease. No event that is proximately caused by the Lessee's negligent, reckless, intentional, or malicious conduct shall be deemed a "force majeure" for purposes of this lease.

25. Conduct of Operations: Lessee shall cooperate with Lessor conducting its operations to minimize any interference with the agricultural or residential use of the premises. If Lessee in the course of its operations hereunder interferes with Lessor's personal ingress and egress routes, Lessee will provide reasonable alternate temporary access to help minimize the disruption. In addition:

a. If Lessee chooses to use Lessor's existing roads, Lessee shall maintain those roads and for any new construction, ditching and grading shall be constructed in a reasonable and prudent fashion.

b. Lessee shall be responsible for any damages caused by Lessee's operations to above ground and underground utilities, sanitary sewers, storm drains, catch basins, and drainage ditches.

c. All pipelines shall be conspicuously marked and buried by Lessee. If Lessee chooses to lay plastic lines, such lines shall be marked by a tracer wire for purposes for electronically locating such lines.

d. Lessee shall, during the operation of the drilling and afterward, clean the site and all appropriate areas, including areas of ingress and egress, spread the appropriate gravel, road fabric, plastic culverts, properly maintain all approaches and driveways, maintain all areas in a clean and orderly manner, maintain all tanks and equipment in a clean, painted condition, mow all grass and weeds (as needed) and grade all areas to the

reasonable and prudent satisfaction of Lessor. All roads shall be appropriately crowned to foster drainage.

e. All motors used in the operation of any wells shall be electrical, where practical and economical.

f. All access roads used by Lessee pursuant to its drilling and production operations on the Leased Premises shall be kept in passable condition, free of significant ruts.

g. Lessee shall test, with a certified lab, Lessor's domestic water supply tested for quality prior to commencement of and, to the extent so requested by Lessor, following drilling operations on said land in order to ensure that said water supply is not adversely affected by said operations. Lessor shall be provided with copies of the lab documentation. In the event it is reasonably determined by Lessor and Lessee that said operations have adversely and materially affected said water supply, then Lessee, at its own expense, shall take steps necessary to return said water supply to pre-drilling conditions. Lessee, at Lessee's expense, agrees to provide Lessor with a reasonable supply of potable water until such time as Lessor's water supply has been returned to pre-drilling conditions. It is further understood and agreed that Lessee will not utilize Lessor's water supply while conducting its operations on the Leased Premises without Lessor's written consent. The water testing shall be conducted to Ohio EPA standards for potable non-transient use. In the event the Leased Premises are used for agricultural purposes where the quality of water is regulated and Lessee's operations negatively impact the water supply for such operations, Lessee shall immediately provide water meeting such requirements as to quality and within a time period necessary to fully comply with all regulations relating thereto.

h. Prior to use of Lessee's means of ingress or egress, lessee shall receive all proper permits and post all bonds required by any governmental authority relative to the use of said roadways.

i. Any electric lines installed by Lessee shall meet the electrical code of the Ohio Department of Commerce and all electrical installation shall remain in force after termination of this Lease or abandonment of any wells drilled by Lessee. All above ground electric lines shall be installed at least fourteen (14) feet high.

j. No open pits for storage of any water, fluids, brine, flowback water, frac fluids or waste water shall be constructed or permitted on the leased premises unless they are lined to prevent leaching and ground water contamination and fenced off at all times and shall only be permitted within the confines of the spudding site which is separately negotiated.

k. No transmission pipelines may be constructed on the premises without a separate right of way agreement and consideration negotiated between the Lessor and Lessee. Lessee shall have the right to bury internal pipelines to transport gas between other lease units own, operated and maintained by Lessee.

26. Coal: Lessee acknowledges that certain rights to mine or extract coal may be applicable to or affect the Leased Premises subject to this Lease. Lessor makes no representation or warranty and provides no assurance that Lessee's ability to extract oil and gas will be unaffected by such coal rights. Lessee shall rely solely on its evaluation of the exploration and extraction rights granted hereby and shall not rely on Lessor regarding such rights. In the event the right to extract coal and/or other mineral is granted or conveyed by Lessor subsequent to the date hereof, Lessee agrees to cooperate with such Lessee or grantee in the mining or extraction of such coal or mineral in order to permit Lessor to obtaining the economic benefit of all coal and minerals located on the Leased Premises. In any event, this provision shall always adhere and be under and subject to the Force Majeure provisions in this Lease.

27. Pooled Production Unit Limit: In the event Lessee desires to pool or unitize the Leased Premises with other lands and there is no spacing order previously established by a governmental or regulatory body, Lessee shall not have the right to form a production unit larger than 640 acres for a horizontal well and 80 acres if a vertical well, unless otherwise agreed to by Lessor.

28. Supplemental Surface Damage Payment; Spudding Fee: Lessee agrees to pay to Lessor the sum of Thirty Thousand and xx\100 dollars (\$30,000.00) as supplemental surface damage payment for each drill site pad located on the surface of the leased premises, the location of which shall be agreed to in writing by Lessor and Lessee. Lessor agrees to not unreasonably withhold his\her\its consent. Multiple wells may be drilled from a single drill site pad. Lessee agrees that each drill site pad built on the Leased Premises shall not exceed twenty (20) acres of surface area unless granted written permission by Lessor. If Lessee should locate more than one drill site pad on the Leased Premises, a separate supplemental surface damage payment shall be paid for each drill site pad. Lessee shall not be required to pay any separate supplemental surface damage payment for additional wells drilled in sequence after the completion of drilling the initial well or group of wells as the case may be; however, if Lessee fully reclaims any well pad, and then returns at a later date to a fully reclaimed drill site pad for the purpose of drilling an additional well or wells on that drill site pad, Lessee shall pay to Lessor an additional supplemental surface damage payment. To the extent only a portion of a drillsite pad is located upon the surface of the Leased Premises, the payments described above shall be proportionately adjusted to reflect the percent of the drillsite pad that is located upon the Leased Premises. Nothing in this paragraph shall be construed as granting the Lessee the right to construct or maintain open pits for the storage of water, fluids, by-products, flowback waste, frac fluid, brine, or other waste water products outside of the spudding site.

29. Hold Harmless Clause:

Lessee and its successors, assigns, partners, and co-adventurers shall indemnify, defend and hold harmless Lessor, his\her and\or its heirs, successors, representatives, agents, and assigns, from and against any and all claims, losses, costs, demands, damages, suits, judgments, fines, penalties, liabilities, debts, expenses and causes of action, including without limitation legal and\or litigation expenses, of whatsoever kind or nature, including damages to the person or property of Lessor, or of

its employees, servants, contractors, subcontractors, agents and representatives, or to the person or property of any other third party (collectively referred to in this paragraph as the "Indemnity Matters"), arising out of or in connection with Lessee's operations on or use of the land leased hereunder, including operations conducted by Lessee's employees, servants, contractors, subcontractors, agents and representatives and any persons and companies acting or purporting to act on behalf of Lessee, including by way of example and not limitation: (a) Indemnity Matters arising out of or in connection with seismic and other geophysical exploration operations conducted by or on behalf of Lessee; (b) Indemnity Matters arising under any applicable provisions of Ohio or Federal Law including Mechanics or Materialman's liens or any other lien; (c) Indemnity Matters arising out of harm or asserted harm to the surface, surface improvements, crops or livestock, or in general arising out of or in connection with any use of the surface of the land leased hereunder by or on behalf of Lessee; (d) Indemnity Matters arising out of harm or asserted harm to public or private health or safety, wildlife, natural resources or to the environment, including without limitation liability or asserted liability arising under the Oil Pollution Act of 1990, as amended, the Clean Air Act, as amended, the Comprehensive Environmental Response and Liability Act, as amended ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, as amended the Resource Conservation and Recovery Act of 1976, as amended ("RCRA"; the Federal Water Pollution Control Act, as amended, the Safe Water Drinking Act, as amended, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, and the rules and regulations of all federal, state, municipal and local agencies promulgated under each of the above-cited laws; and (e) Indemnity Matters arising out of or in connection with the presence, use, release, storage treatment or disposal of any hazardous substances or solid wastes, including all oil and gas exploration and production wastes even if such wastes are presently specifically exempt from classification as hazardous substances or solid wastes pursuant to CERCLA or RCRA or the Ohio analogies to those statutes. Lessee agrees to defend, indemnify and hold harmless Lessor and Lessor's heirs, successors, representatives, agents and assigns ("Indemnities"), from and against any and all claims, demands and causes of action for injury (including death) or damage to persons or property or fines or penalties, or environmental matters arising out of, incidental to or resulting from the operations of or for Lessee or Lessee's servants, agents, employees, guests or licensees, invitees or independent contractors, and from and against all costs and expenses incurred by Indemnites by reason of any such claim or claims, including attorneys' fees; and each assignee of this Lease, or an interest therein, agrees to indemnify and hold harmless Indemnites in the same manner provided above. Such indemnity shall apply to any claim arising out of operations conducted under or pursuant to this Lease, however caused. LESSEE'S OBLIGATION TO DEFEND AND INDEMNIFY INDEMNITEES SHALL APPLY WHETHER OR NOT INDEMNITEES MAY BE GUILTY OF ANY NEGLIGENT ACT OR OMISSION WHICH RESULTED IN OR CONTRIBUTED TO THE COST, EXPENSE OR LIABILITY AGAINST WHICH LESSEE IS OBLIGATED TO INDEMNIFY INDEMNITEES HEREUNDER, AND WHETHER OR NOT INDEMNITEES MAY BE SUBJECT TO SUCH LIABILITY BY STATUTE OR BY APPLICATION OF PRINCIPLES OF STRICT LIABILITY. The provisions of this paragraph shall survive the termination of this Lease.

Insurance

1. A company licensed by the Ohio Department of Insurance to do business in the state shall underwrite all policies required by this Lease. Provided however, such insurance requirements may be met by a combination of self-insurance, primary and excess insurance policies.
2. Lessee shall assure that Lessee and any person acting on Lessee's behalf under this Lease carries the following insurance with one or more insurance carriers at any and all times such party or person is on or about the Leased Premises or acting pursuant to this Lease, in such amounts as from time to time reasonably required by Lessor.
 - a) Workers Compensation and Employer's Liability Insurance;
 - b) Commercial General Liability and Umbrella Liability Insurance; (\$5,000,000.00 Minimum coverage)
 - c) Business auto and Umbrella Liability Insurance; (\$5,000,000.00 Minimum coverage)
 - d) Environmental Liability; (\$5,000,000.00 Minimum coverage)

Within six (6) months of the five (5) year anniversary date of this Lease and each subsequent fifth (5th) anniversary, Lessor may request in writing and Lessee shall agree to institute new insurance amounts based on the original insurance amounts indexed to the Producers Price Index for All Commodities, issued for the anniversary month by the U.S. Department of Labor, Bureau of Labor Statistics. Should such index be discontinued and/or replaced, a conversion to a substitute or replacement index shall be accomplished using normally accepted conversion factors. Such adjusted amounts shall be rounded off to the nearest Thousand Dollar (\$1,000) amount. Failure of Lessor to request an adjustment for any five (5) year period shall not preclude a full adjustment at a subsequent five (5) year anniversary if requested.

30. Audit Clause: Lessee further grants to the Lessor the right annually to examine, audit, or inspect books, records, and accounts of Lessee pertinent to the purpose of verifying the accuracy of the reports and statements furnished to Lessor, and for checking the amount of payments lawfully due the Lessor under the terms of this agreement. In exercising this right, Lessor shall give reasonable notice to Lessee of its intended audit and such audit shall be conducted during normal business hours at the office of Lessee. Such examination and audit shall be at the sole cost and expense of Lessor.

31. Compliance Clause: Lessee's operations on said land shall be in compliance with all applicable federal and state regulations.

32. Prudent Operator: Lessee agrees to be a prudent operator and will keep all surface disturbances to the minimum area necessary to conduct its operations. Lessee shall at all times

use the highest degree of care known in the industry, and all reasonable safeguards to prevent its operations from: causing or contributing to soil erosion, polluting or contaminating any environmental medium including the surface or subterranean soils and/or waters and ambient atmosphere in, on, or under or about the Leased Premises and surrounding properties, decreasing the fertility of the soil, damaging crops, native or cultivated grasses, trees or pastures, harming or in any way injuring animals, whether domestic or wild on the Lease Premises, damaging buildings, roads, structures, improvements, farm implements, gates or fences. Lessee shall clean up, remove, remedy and repair any soil or ground water contamination and damage caused by its presence or release of any contaminant in, on, under, or about the Leased Premises, whether or not caused by the negligence of Lessee. Lessee's rights hereunder may include burying or otherwise constructing necessary phone, electric, and data collection lines on the Leased Premises in connection with production from the Leased Premises, but such rights may not be assigned to a utility company, pipeline company, or anyone else who owns no interest in the Leased Premises or is otherwise not contracted or affiliated with Lessee for the purpose of carrying out the rights and obligations under this Lease. The right to use said pipelines terminates when production from the Leased Premises ceases and all wells associated therewith are plugged and abandoned.

33. No Other Minerals: This Lease shall cover only oil and gas and related hydrocarbons that may be produced from the well bore; and all other minerals including, but not limited to, coal, sand, gravel, lignite coal, uranium, sulfur, copper, and metallic ores are not included in this Lease.

34. Damage: Lessee agrees to pay Lessor at fair market value for all surface damages caused by Lessee's operations to growing crops.

35. Commencement of Operations: Commencement of operations shall be defined as Lessee having secured a drilling permit from the State and further entering upon the herein described premises with equipment necessary to build any access road(s) for drilling of a well subsequently followed by a drilling rig for the spudding of the well to be drilled, and the commencement and completion of the drilling of a well.

36. Arbitration: Any questions concerning this lease or performance there under shall be ascertained and determined by three disinterested arbitrators, one thereof to be appointed by Lessor, one by the Lessee and third by the two so appointed as aforesaid and the award of such collective group shall be final and conclusive. Arbitration proceedings hereunder shall be conducted at the county seat or in the county where the Lease is filed, or such other place as the parties to such arbitration shall all mutually agreed upon. Each party will pay its own arbitrator and share costs of the third arbitrator equally.

37. Leasehold Identification: Notwithstanding any other provision in the lease including that provision being what is commonly known in lease terminology as a "Mother Hubbard Clause", it is understood and agreed that the lease is valid only as to the specific parcels described and identified in the lease. This lease does not include parcels adjacent or contiguous to the land described in the lease that is also owned or claimed by Lessor which is not specifically described in the lease. Any acreage discrepancies in the parcels listed shall be covered by this lease.

38. Right of First Refusal: The paragraph entitled "4." "Right of First Refusal" is hereby amended to reflect that Lessee had the right of first refusal to match any bona fide offer that is received prior to the expiration of the Primary term or any continuation or extension thereon. All other provisions of said paragraph are unaffected.

39. Pipeline - No Foreign Gas: Any pipelines constructed pursuant to the terms of this lease shall be for transporting oil and/or gas from a well(s) drilled on the leased premises or lands pooled therewith or other contiguously held lands by Lessee under separate lease agreements to allow oil and gas produced from these premises and others operated by Lessee to be taken to market. Nothing in this paragraph shall be construed to indicate a grant of right of way for a transmission pipeline over, across or through the demised premises.

40. Pugh Clause: As to any acreage of the Leased Premises which is not included within any production unit at the expiration of the Primary Term, including any extension of the Primary Term in accordance with the terms of this lease, this lease shall automatically terminate and be of no further force or effect as to any acreage not within such designated units.

41. Warranty of Title: It is understood that Lessee shall conduct its own investigation as to the status of Lessor's title and Lessee shall solely rely upon its own findings as to the marketability or status of title to the interest leased herein. Lessee agrees that no claims will be made against Lessor pertaining to warranty of title.

42. Clean and Green Clause: Lessee agrees that if and when any penalty, rollback or recapture of tax abatements created or imposed under any governmental program such as, but not limited to CREP, CRP and Clean and Green that is levied on Lessor solely as a result of Lessee's operations on leased premises, Lessee will reimburse Lessor upon written request and copy of the penalty notice, but only insofar as such assessments are imposed on that portion of the surface of the leased premises actually disturbed by such oil and gas operations and not reclaimed.

43. No right to Hunt or Fish and limited rights to camp: Employees, agents, and independent contractors of Lessee shall have no right to and are prohibited from firing any firearms, camping, hunting, and fishing on the Leased Premises. Lessor has the right to deny access to the Leased Premises as to any person found to have violated this provision. Any camping by Lessee's employees, agents, and independent contractors shall take place within the confines of the spudding site. Furthermore, Lessor retains the right for Lessor, its successors, assigns, and invitees to fish, hunt and trap anywhere on the Leased Premises.

44. Seismic Testing: Throughout its Seismic Testing Activities, Lessee shall minimize the use of physical markers, including but not limited to seismic lines, survey flags, and stakes. To the extent the Lessee utilizes survey flags in its seismic testing activities, Lessee shall refrain from using flags or flag stands made of metal. Within 30 days from the date on which the Lessee has completed its Seismic Testing Activities, Lessee shall remove all materials used in such Seismic Testing Activities including all physical markers, as well as refuse or other equipment that may have been left behind by Lessee.

45. Default

1. Examples of Default. In addition to any incidents of default described throughout this Lease, the occurrence of any of the following shall be deemed a default:

a) If any creditor of Lessee, its agents and/or assigns, shall take any action to execute on, garnish or attach the assets of Lessee located upon the Leased Premises, or

If a request or petition for liquidation, reorganization, adjustment of debts, arrangement, or similar relief under the bankruptcy, insolvency or similar laws of the United States or any state or territory thereof, or any foreign jurisdiction shall be filed by or against Lessee, or any formal or informal proceeding for the reorganization, dissolution or liquidation or settlement of claims against, or winding up of affairs of Lessee; or the garnishment, attachment, or taking by governmental authority of any collateral or other property of Lessee.

Notice of Default or Breach of Lease. In the event Lessor considers that Lessee is in default under this Lease or that Lessee has not complied with its obligations hereunder, both express and implied, including the non-payment of royalty or rent, Lessor shall notify Lessee in writing, setting out specifically in what respects Lessee is in default or Lessee has breached this Lease. Lessee shall then have forty-five (45) days after date of receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor, or to correct any default. The service of said notice shall be precedent to the bringing of any claim or action by Lessor on this Lease for any cause, and no such claim or action shall be brought until the lapse of forty-five (45) 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 or the default shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder.

Termination for Default. Upon the occurrence of the event of default, and after notice thereof and opportunity to cure as set forth above, the Lease shall be terminated and the Lessee shall become a tenant at will for the conduct of operations on the Leased Premises. If evicted, Lessee agrees to surrender possession of the Leased Premises, or of the portion of the Leased Premises included in such termination. If Lessee should fail to deliver documents, reflecting termination or expiration of this Lease or if Lessee fails to surrender possession of the Leased Premises as required under this Lease, Lessor may institute proceedings necessary to clear title or to take possession, and in that event, in addition to all other relief that may be granted to Lessor, Lessor shall be entitled to recover against Lessee all attorney fees, investigation charges, court costs and expert fees thus expended by Lessor.

2. Other Remedies. Upon default by Lessee, Lessor shall be entitled to exercise any and all remedies available at law, in equity or otherwise, each such remedy being considered cumulative. No single exercise of any remedy set forth herein shall be deemed an election to forego any other remedy.

46. Payment to Lessor in Lieu of Free Gas. In the event any well is drilled upon the Leased Premises or any portion thereof, Lessee shall pay annually to Lessor in lieu of any right to free gas a sum equal to the value of the first two hundred thousand (200,000) cubic feet of natural gas produced of each such well. Said amount shall be paid in quarterly installments, with the value based upon the prior twelve (12) months average price received by Lessee for gas sold from the Leased Premises, as of January 1 of each calendar year in which the payments are made.

47. Property Taxes. In the event real property taxes pertaining to or attributable to the Leased Premises are increased in any manner by reason of the operations of Lessee on the Leased Premises, including, but not limited to any structures or improvements constructed on the Leased Premises, Lessee shall be responsible for the amount of any such tax increase attributable to such operations or improvements. Lessee shall reimburse Lessor for the amount of such increase within thirty (30) days after Lessor provides Lessee with written documentation reflecting such increase and the basis thereof.

48. Release of Lease: Contemporaneous with the execution of this agreement, Lessee shall provide Lessor with release of this lease and any Memorandum of Lease that may be recorded, to be held in escrow with a third party together with sufficient recording costs. The terms of the escrow shall provide that the escrow agent is authorized to record the release in the office of the County Recorder if payment in full of all Bonus Payment money as set forth in paragraph 5. a., is not received by Lessor on or before **March 15, 2012**. The terms of the escrow agreement shall further provide that the escrow agent is to consider the release to be void and he shall surrender it back to Lessee upon payment of the Bonus payment on or before **March 15, 2012**.

49. Rights Reserved Unto Landowner\Lessor:

- a. **Lessor's Reserved Rights.** Lessor, on behalf of himself, his successors and assigns, reserves all rights not specifically granted to Lessee in this Lease.
- b. **Lessor's Structures and Improvements.** Lessor, reserves the right to construct any structure or other improvements at any location selected by the Lessor anywhere on the Leased Premises. If prior to Lessee coordinating site location for any operations of Lessee's on the Leased Premises pursuant to this lease, Lessor commences construction of a structure or other improvement on the Leased Premises, Lessee will not locate any equipment, nor conduct any operations within 300 feet of the proposed structure or improvement (within 500 feet if a habitable structure) without Lessor's prior written permission.
- c. **Agricultural Activities.** Lessor reserves the right to initiate or continue irrigation and agricultural activities (including timbering) on the Leased Premises. If Lessor decides to conduct agricultural activities on the Leased Premises, Lessee will accommodate Lessor's agricultural use.
- d. **Other Minerals and Products of the Soil Reserved.** This Lease does not include and there is hereby excepted and reserved unto Lessor all of the sulfur, coal, lignite, uranium and other fissionable material, geothermal energy, base and precious metals, rock, stone, gravel, and any other mineral substances (excepting those described in the Grant of Lease) presently owned by Lessor in, on, under, or upon the

Leased Premises, together with rights of ingress and egress and use of the Leased Premises by Lessor or its lessees or assignees for purposes of exploration for and production and marketing of the materials and minerals reserved hereby.

50. **Authorship and Severability-** For purposes of construction, interpretation, or adjudication, it shall be deemed that Lessee and Lessor contributed equally to the drafting of this instrument. If any portion of this Lease is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this agreement will remain in full force and effect. Any provision of this agreement held invalid or unenforceable only in part, will remain in full force and effect to the extent not held invalid or unenforceable.

IN WITNESS WHEREOF, the parties have hereunto set their hands indicating their agreement hereof this ____ day of _____ 2011.

LESSEE:
CUNNINGHAM ENERGY, LLC

BY: _____
Its President, Ryan E.M. Cunningham

LESSOR(s):

1. _____
PRINTED NAME

SIGNATURE

2. _____
PRINTED NAME

SIGNATURE

3. _____
PRINTED NAME

SIGNATURE

4. _____
PRINTED NAME

SIGNATURE

5. _____
PRINTED NAME

SIGNATURE

6. _____
PRINTED NAME

SIGNATURE

7. _____
PRINTED NAME

SIGNATURE

8. _____
PRINTED NAME

SIGNATURE

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared **Cunningham Energy, LLC's** President Ryan E.M. Cunningham, who acknowledged the signing of the foregoing instrument, by and through a duly authorized resolution of the Board of Directors, and who further acknowledged the signing hereof was his free and voluntary act and deed individually and on behalf of Cunningham Energy, LLC, a West Virginia Limited Liability Co. authorized and registered to do business in Ohio.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed

individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared

Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

State of Ohio
County of _____

Before me a Notary Public, in and for said County and State, personally appeared _____
Who acknowledged the signing of the foregoing instrument, and who further acknowledged the signing hereof was his\her\its free and voluntary act and deed individually, by and through a duly authorized resolution of the Board of Directors of said entity, and on behalf of _____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal this ___ day of _____, 2011.

This instrument was prepared by and negotiated by and between the parties hereto.