

THIS OIL AND GAS LEASE AGREEMENT, Made the 26th day of January 1973, between Harry J. Eckert & Alice C. Eckert (his wife) 797 Harlem Road West, Seneca, New York 14224 of the County of Erie and State of New York hereinafter called the Lessor, and Venango Petroleum Corporation Penn. Center Pittsburg, Pennsylvania 15255

hereinafter called the Lessee.

WHEREAS, the Lessor is the owner of All of the oil and gas underlying all that tract of land, hereinafter called the Premises, situate in Warrant-Lot No.60-T4-R12 & Lots 4&3-T4R13 in the Township of Stockton (Tx map no.7), County of Chautauqua (Tx#3) State of New York

On the North by lands of Chester Barber, Clarence Barber, W. Gilles, J. Bender, bounded substantially as follows:

On the East by lands of Walter Wise

On the South by lands of Bissell & Babcock, William Potkovich, Co. Highway No. 310

On the West by lands of Bissell & Babcock

containing 243.6

acres of land, more or less, and being the same Premises conveyed to the Lessor by deed from Walter E. Hornburg, Jr. & Joseph Mikula

dated 4-1-61 and recorded in Book 1165

at Page 319 in the Recorder's office of said County.

NOW, THEREFORE, in consideration of the sum of One Dollar paid by the Lessee to the Lessor, the receipt of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. The Lessor does grant, demise, lease and let unto the Lessee and the Lessee does hereby take the Premises for the purpose and with the exclusive right of drilling and operating thereon for oil and gas, and the right of ingress, egress and regress to, upon and over said Premises; the right to store and remove gas in and from any depleted stratum underlying Premises as provided under Clause 10 hereof; the right to install and maintain lines to convey water, oil, steam, electricity, air and gas to, from over or across said Premises; the right to build roads, tanks, stations and structures on said Premises to handle said products; the right to use sufficient water, oil and gas from said Premises for the operations thereon; the right to remove at any time all machinery, structures, piping and fixtures placed on said Premises and also such other rights and privileges as are necessary or convenient for conducting all of said operations.

2. No part of the Premises shall be used by the Lessee for agricultural purposes, and the Lessee shall interfere as little as possible with the cultivated portions of the farm. No wells shall be drilled by Lessee within a radius of 200 feet around existing buildings without mutual written consent of Lessor and Lessee. The Lessee agrees to pay for growing crops, fences and fixtures damaged by operations hereunder, and to bury all permanent pipe lines below plow depth when so requested by the Lessor.

3. If explorations for drilling or gas storage operations are not commenced on said land on or before Three months from this date, this lease shall terminate as to both parties unless on or before such anniversary date Lessee shall pay or tender to Lessor, at Lessor's above address, or to the credit of Lessor in bank to above address

(which bank and its successors are Lessor's agent and shall continue as the depository for all rentals payable hereunder, regardless of changes in ownership of said land, however occurring) the sum of \$61.00, herein called rental, which shall cover the privilege of deferring the commencement of such operations for a period of Three months. The payment of rental hereunder may be made in currency, draft or check at the option of Lessee, and the depositing of such currency, draft or check in any postoffice with sufficient postage and properly addressed to the Lessor or the depository bank on or before the due date of said rental shall be deemed payment as herein provided. In like manner and upon like payments or tenders the commencement of a well or of the storage of gas may be further deferred for like periods of the same number of months successively. The consideration first recited herein, the down payment, covers not only the privileges granted to the date when said first rental is payable but also the Lessee's option of extending that period as aforesaid, and any and all other rights conferred. Should the first well drilled on Premises be a dry hole, then, if a second well is not commenced on said land within twelve months from the expiration of the last rental period for which rental has been paid, or gas storage operations on Premises are not then commenced, this lease shall terminate as to both parties, unless the Lessee on or before the expiration of said twelve months shall resume the payment of rentals, in the same amount and in the same manner as hereinbefore provided. Upon such resumption of payment of rentals, the last preceding paragraph hereof, governing the payment of rentals and the effect thereof, shall continue in force as if no interruption in rental payments had occurred, and if the Lessee shall commence a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable diligence, and if oil or gas be found in paying quantities, or the storage of gas be commenced, this lease shall continue in effect as if such well had been completed or gas storage operations commenced within the primary term of years. If after the expiration of the primary term production on this lease should cease or Lessee should complete as a dry hole a well commenced during the primary term, this lease, nevertheless, shall continue as long as additional operations (including reworking) are had which additional operations shall be deemed to be had when not more than 60 days elapse between abandonment of operations on one well and commencement of operations on another well (or between reworking operations on the same well), and if production is secured this lease shall continue as long thereafter as oil or gas is produced and as long as additional operations are had.

4. Lessee may at any time or times pool and consolidate this lease, in whole or in part, or as to any stratum or strata, with lands or leases adjacent to or in the immediate vicinity of this lease, so as to constitute a unit or unit not substantially exceeding 160 Acres with respect to any zone or stratum predominantly oil-bearing and not substantially exceeding 640 Acres with respect to any zone or stratum predominantly gas-bearing.

or condensate bearing, by delivering to Lessor or to the depository bank or by filing for record an instrument so declaring. Drilling, mining, or reworking operations upon, or production of oil or gas from any part of any such unit shall be treated, for all purposes hereunder, as such operations upon or such production from this lease. Upon production from any part of any such unit, Lessor shall be entitled to royalties calculated as follows: there shall be allocated to the portion of this lease included in such unit a fractional part of such production, in the ratio that the number of acres of this lease included in such unit bears to the total number of acres of all lands and leases included in such unit, and Lessor shall be entitled to the royalties in this lease provided, on such fractional part of such production, and no more. Provided, that if State or Federal authorities shall prescribe a different method of allocation, the method so prescribed shall prevail.

5. The Lessee covenants and agrees to pay as a royalty for the gas from each and every well drilled on said Premises producing gas only, an amount equal to one-eighth of the price received at the wellhead or lease line for all gas saved and marketed from the said Premises, except where Premises are being used for the production of storage gas, as provided under Clause 10 hereof; where gas, from a well producing gas, is not sold or used, and said well is shut-in because of a lack of presently acceptable market or marketing facilities, Lessee may pay as a shut-in royalty an amount equal to the delay rental provided for in paragraph 3 above, until the gas therefrom is used, sold, or marketed, and upon such payment, it will be considered that gas is being produced under the terms and provisions of this lease.

6. If gas is found in paying quantities and conveyed from the Premises and marketed, the Lessor may have gas from the wells on the Premises not exceeding 200,000 cubic feet per year free of cost, for light and heat on the Premises only, by laying the necessary line and making connection at the Lessor's expense at such point as may be designated by the Lessee, provided said gas is measured by meter as in the case of other consumers; said gas to be used at Lessor's own risk, and the Lessee shall not be in any way liable for insufficient supply caused by the use of pumping stations, breakage of lines or otherwise; and nothing herein shall prevent the Lessee from abandoning any well or wells and removing the pipe therefrom. If more than 200,000 cubic feet per year is so used, the excess shall be paid for at the prevailing rate charged to domestic consumers. The Lessee shall have the right to utilize and use free of cost, for power, on this and adjoining premises, any waste or casing-head gas has produced on the Premises.

7. Lessee shall deliver to the credit of the Lessor, free of cost into the pipe lines or tanks to which such well may be connected, the equal one-eighth part of all oil produced and saved from wells has produced on the Premises.

8. All payments under this lease may be made by check mailed to HARRY J. ECKERT and ALICE C. ECKERT (his wife) until written notice to Lessee from Lessor, heirs or assigns, directing payments otherwise, and payments made as above until such direction, and thereafter in accordance with such direction shall absolve the Lessee from any liability to any heir or assign of the Lessor. All payments of royalty are to be made according to Lessor's respective interests therein, as hereinbefore set forth, and this lease shall not be forfeited for Lessee's failure to pay amounts owing hereunder until Lessee has received written notice of such default and shall have failed, for a period of fourteen (14) days after receipt of such notice, to pay the same.

9. This lease shall be in force for the term of ten years from the date hereof, and as long thereafter as the Premises is operated by Lessee in search for or production of oil or gas, and as operations thereon continue for the storage of gas or the removal of stored gas, with the extension of term by payment of rentals as hereinbefore set forth; provided, however, that the Lessee may at any time hereafter upon payment of all rentals then due, surrender this lease as to all or any part or parts hereof by mailing a release thereof to the Lessor or by placing a surrender thereof on record in the proper County, and thereafter this lease shall become null and void as to the land in respect to which a surrender is made, and all payments and liabilities thereafter to accrue by the terms hereof shall cease. If a part or parts of the Premises be surrendered, the land retained shall continue to draw its ~~pro rata~~ share of the rental above provided, Subject to provisions of paragraph No. 13 ~~of this lease~~ A.E.

10. Lessee shall have the exclusive right to employ any depleted oil or gas stratum underlying Premises for the storage of gas and may for this purpose reopen and restore to operation any and all abandoned Wells on the Premises which may have penetrated said depleted stratum, or may drill new wells thereon for the purpose of freely introducing and storing gas in such stratum and recovering the same therefrom. It is understood that a well need not be drilled on the Premises to permit storage of gas, and it is agreed that Lessee shall be the sole judge as to whether gas is being stored within the leased Premises and its determination shall be final and conclusive. As full compensation for the storage rights herein granted and in lieu of all delay rental or royalty due or to become due for the right to produce or for the production of stored gas from the leased Premises, Lessee agrees to pay Lessor an annual rental of Two (\$2.00) per acre dollars in advance commencing with the date of utilization of any depleted stratum for storage purposes and for as long thereafter as the stratum is so utilized. Lessee further agrees to pay Lessor, as liquidated damages for the drilling, operation, and maintenance of each well on the Premises which is utilized for storage of gas, as well as for the necessary or useful surface rights and privileges relating thereto, for the entire term of this agreement, the sum of One hundred dollars (\$100.00) payable in one sum within three months after each well now existing or hereafter drilled upon the Premises is so utilized. Lessee agrees to give Lessor written notice of the use of the leased Premises or of any wells drilled thereon for the storage of gas.

11. If any operation permitted or required hereunder, or the performance by Lessee of any covenant, agreement or requirement hereof is delayed or interrupted directly or indirectly by any past or future acts, orders, regulations or requirements of the Government of the United States or any state or other governmental body, or any agency, officer, representative or authority of any of them, or because of delay or inability to get materials, labor, equipment or supplies, or on account of any other similar or dissimilar cause beyond the control of Lessee, the period of such delay or interruption shall not be counted against the Lessee, and the primary term of this lease shall automatically be extended after the expiration of the primary term set forth in paragraph 9 above, so long as the cause or causes for such delays or interruptions continue and for a period of six (6) months thereafter; and such extended term shall constitute and shall be considered for the purposes of this lease as a part of the primary term hereof. The provisions of paragraph 3 hereof, relating to the payment of delay rentals, shall in all things be ap-

