

OIL AND GAS LEASE

THIS AGREEMENT, made this 26th day of June, 1973, between

Ralph Walker, Grace E. Walker his wife

Rd. # 1 Kennedy, New York 14747

hereinafter called lessor (whether one or more) and

R. Gene Brasel, 58 E. Gay St., Columbus, Ohio 43215

lessee, does witness:

1. Lessor, in consideration of the sum of One and No/100 Dollars (\$1.00), the receipt of which is hereby confessed, hereby grants, leases and lets unto lessee, with the exclusive right to explore and operate for and produce oil and gas, lay pipe lines, build tanks, power stations, telephone lines and other structures thereon to produce, save, process, store and transport all of such substances, the following described tract of land situated in the Township of Ellington County of Chautauqua State of New York

and containing 197 acres, more or less, and being the same land conveyed to lessor by deed from

dated and recorded in Book, page, in the recorder's office in said county, together with all additional land owned or claimed by lessor which adjoins the land above described, whether situated in the same or other township, bounded substantially as follows:

On the North by lands of 28th. Creek Rd. and L. Beightol On the East by lands of L. Beightol and Dean Rd.

On the South by lands of V. Beightol, O. Carlson and L. Wilcox On the West by lands of Town of Gerry and Dale Walker

Also being described as the East 36 acres of section 7, block 1, lot 34 and section 10, block 1, lots 1 & 2.

2. This lease shall remain in force for a primary term of ten years and as long thereafter as oil or gas, or either of them is produced.

3. The royalties to be paid by lessee are: (a) on oil, one-eighth (1/8) of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor, in the pipe line to which the wells may be connected; (b) on gas of whatsoever nature or kind produced and sold or used off the premises, the market value at the mouth of the well of one-eighth (1/8) of the gas so sold or used. Notwithstanding anything herein to the contrary, this lease shall continue in full force for so long as there is a well or wells on leased premises capable of producing oil or gas, but in the event all such wells are shut in, then on or before the end of each year during which the well or wells are shut in, lessee shall pay lessor a royalty of One Dollar (\$1.00) per year per acre. The royalties herein provided shall not be payable on any gas stored or withdrawn pursuant to Paragraph 12 hereof.

4. If no well be commenced on said land within 12 months of the date of this Lease, this Lease shall terminate as to both parties, unless the Lessee or his assigns on or before that date shall pay or tender to the Lessor or to the Lessor's credit at the Marine Midland Chautauqua N. A., Bank at Falconer, New York, or its successors or assigns, the sum of One Hundred Ninety Seven & no/100 Dollars (\$ 197.00) which shall operate as a rental and

cover the privilege of deferring the commencement of a well for 12 months from said date. The payment herein referred to may be made in currency, draft or Lessee's check, at the option of the Lessee. Tender thereof may be made either to Lessor in person or by mailing the same to Lessor at his last known address, or to the said depository bank on or before the date on which said rental is due hereunder. In like manner and upon like payments or tenders, the commencement of a well may be further deferred for periods of the same number of months successively during the term of this Lease, except that the completion of a well upon said lands unproductive of oil or gas in paying quantities shall be considered as the equivalent of and regarded as the tender of delay rentals for a period of one year thereafter. This Lease shall not terminate for failure to pay rental for any period until and unless the Lessor gives the Lessee or his assigns 10 days' written notice of the failure to pay said rental and said rental is not paid within said ten days.

5. Should the first well drilled on the above described land be a dry hole, then and in that event, 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, this lease shall terminate as to both parties unless 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, it being agreed that upon the resumption of payment of rentals as above provided, that the terms hereof governing payment of rentals and the effect thereof, shall continue in force as though there has been no interruption in the rental payments. If the lessee shall commence to drill a well within the term of this lease, lessee shall have the right to drill such well to completion with due diligence and if oil and gas, or either of them, is found, this lease shall continue and be in force with like effect as if such well had been completed within the primary term hereof. Should production from the above described land, or from acreage pooled therewith, cease from any cause after the expiration of the primary term this lease shall not terminate provided lessee succeeds in bringing back such production within six (6) months from such cessation, or within such six (6) month period commences drilling another well on the above described land or on land pooled therewith, and prosecutes the drilling thereof with due diligence to completion, and if such production is restored through any such operations this lease shall continue with the like effect as if there had been no cessation thereof.

6. If lessor owns a lesser interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee.

7. Lessee shall have the right to use free of cost, gas, oil, and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, lessee shall bury pipe lines below normal plow depth in cultivated areas and shall pay for damage caused by its operations to growing crops on said land. The injection of water, brine or other fluids into subsurface strata shall be made only into strata below those furnishing domestic fresh water and lessee agrees to protect adequately lessor's fresh water supply from injury as a result of any of its operations. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without the written consent of lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

8. The rights of either party hereunder may be assigned, in whole or in part, and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change or division in ownership however accomplished shall operate to enlarge the obligations or diminish the rights of lessee. No change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof. In the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of its proportionate part of the delay rental, such default shall not operate to defeat or affect this lease insofar as it covers a part or parts of said land upon which said lessee or any assignee hereof shall make due payment of said rentals.

9. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

10. All express 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 lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or such failure is the result of any such law, order, rule or regulation.

11. Lessee is hereby granted the right at any time and from time to time to unitize the leased premises or any portion or portions thereof, as to all strata or any stratum or strata, with any other lands as to all strata or any stratum or strata, for the production primarily of oil or primarily of gas with or without distillate. However, no unit for the production primarily of oil shall embrace more than 80 acres, or for the production primarily of gas with or without distillate more than 640 acres; provided that if any governmental regulation shall prescribe a spacing pattern for the development of the field or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be used in such allocation of allowable. Lessee shall file written unit designations in the county in which the leased premises are located. Operations upon and production from the unit shall be treated as if such operations were upon or such production were from the leased premises whether or not the well or wells are located thereon. The entire acreage within a unit shall be treated for all purposes as if it were covered by and included in this lease except that the royalty on production from the unit shall be as below provided, and except that in calculating the amount of any rentals or shut-in gas royalties, only that part of the acreage originally leased and then actually embraced by this lease shall be counted. In respect to production from the unit, lessee shall pay lessor, in lieu of other royalties thereon, only such proportion of the royalties stipulated in paragraph 3 as the amount of his acreage placed in the unit, or his royalty interest therein on an acreage basis, bears to the total acreage in the unit.

12. Lessee shall have the exclusive right to employ any depleted oil or gas stratum underlying leased premises for the storage of gas and may for this purpose utilize any and all abandoned wells, or may drill new wells for the purpose of introducing and storing gas in such stratum and recovering the same therefrom. It is understood that any such well or wells need not be located on the leased premises 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. In consideration of the storage rights herein granted, and in lieu of all delay rental or royalty herein provided, lessee agrees to pay lessor an annual rental of One Dollar (\$1.00) per acre in advance commencing with the date lessee notifies lessor that it elects to use any depleted stratum for storage purposes, and for as long thereafter as any such stratum is so utilized or such annual rental is paid, which payments shall operate to perpetuate this lease for the period aforesaid, the same as though oil or gas were being produced.

- 13. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release thereof to lessor, or by placing a release thereof of record in the proper county. After a partial surrender, the rental specified above shall be proportionately reduced on an acreage basis.
- 14. This lease and all its terms, conditions and stipulations shall extend to and be binding on all heirs, successors and assigns of said lessor or lessee.
- 15. Lessor hereby expressly relinquishes dower and releases and waives all rights under and by virtue of the homestead exemption laws of the state wherein leased premises are situated insofar as the same in any way may affect the purpose for which this lease is made.

IN WITNESS WHEREOF, we sign the day and year first above written.

Signed and acknowledged in the presence of:

D. W. Lurker

- 1. *Ralph Walker*
Ralph Walker
- 2. *Grace E. Walker*
Grace Walker
- 3. _____
- 4. _____
- 5. _____
- 6. _____

Witnesses

This instrument prepared by D. W. Lurker 885 E. Granville Rd., Columbus, Ohio

SUBSCRIBING WITNESS TO ALL SIGNATURES:

STATE OF New York)
COUNTY OF Chautauqua) SS:

On this 29TH day of June, 19 73, before me, the subscriber, a Notary Public in and for said County, personally came D. W. Lurker, the subscribing witness to the within instrument, who being duly sworn according to law, doth depose and say that he was present and did see the within named

Ralph Walker and Grace E. Walker his wife sign and seal and as their act and deed deliver the said instrument, and he, the said D. W. Lurker, did thereupon subscribe his name as a witness to the same.

In testimony whereof I have hereunto set my hand and seal the day and year first above written.

Sworn and subscribed before me this 29th day of June, 19 73

William E. Cross

Notary Public

My commission expires March 30, 1975

COUNTY OF _____

The undersigned, a Notary Public of and for said County and State, does hereby certify that on this _____ day of _____, 19____, personally appeared _____

who is _____ President of _____, the corporation named in the within and foregoing instrument bearing date the _____ day of _____, 19____, and acknowledged that he is such officer of said corporation; that the name of said corporation was subscribed to said instrument by himself as such officer on behalf of said corporation; that the seal affixed thereto is the seal of said corporation; that the name of said corporation was so subscribed and the seal affixed to said instrument by the direction and authority of said corporation; and that the said instrument of writing was executed by said corporation and by himself as the aforesaid officer of said corporation as its and his voluntary act and deed for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand and official seal this the day and date first, in this certificate, above written.

My Commission expires _____

Notary Public

OIL and GAS LEASE

State of New York,
Chautauqua County, ss:
Recorded August 8th, 1973
at 9 o'clock A. M., in
Liber 1463 of Deeds
at Page 15 and examined
William E. Cross
Clerk

FROM

TO

Date
Section Township Range
Lot Block Addition
No. of Acres County Term

STATE OF
COUNTY OF

This instrument was filed for record on the day

of , 19

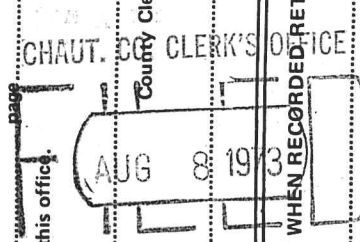
at o'clock M., and duly recorded

in book of the

records of this office.

By _____ Deputy

County Clerk - Registrar of Deeds



9 O'Clock