

OIL AND GAS LEASE

CROSS CREEK COUNTY PARK

THIS AGREEMENT made and entered into this 10th day of March, 2003, by and between the County of Washington, Pennsylvania, hereinafter designated "County" and Great Lakes Energy Partners, L.L.C., with its principal place of business at 125 State Route 43, PO Box 550, Hartville, OH 44632-0550, and authorized to do business within the County of Washington, hereinafter designated "Lessee".

WITNESSETH: THAT,

WHEREAS, County made a determination that the leasing of oil and natural gas rights in the premises hereinafter described will be for the best interests of the County and authorized leasing of the same; and

WHEREAS, the proposed leasing of said lands was duly advertised as required by law and on the opening of the bids submitted pursuant to such advertising, Lessee herein was found to be the highest responsible bidder.

NOW, THEREFORE, in consideration of the sum of one dollar (\$1.00), paid by Lessee to County, receipt of which is hereby acknowledged, and other mutual covenants and agreements hereinafter set forth, County does hereby grant, demise, lease, and let, exclusively unto Lessee for the purposes only of exploring, drilling, operating, producing, and removing of oil, gas, and liquid hydrocarbons; and at locations subject to the approval of County, the laying of pipelines and the building of roads, tanks, towers, stations, and structures thereon to produce, save, take

care of, and transport said products, all that certain tract of land, Tract No. Park01A-01 containing 2,814 acres, more particularly described on the Oil and Gas Lease attachment identified as Exhibit "A" and as shown on the map identified as Exhibit "B" which are attached hereto and made a part hereof, hereinafter referred to as the leased premises. It is understood that the aforesaid acreage and the location shown on the map identified as Exhibit "B" are approximate.

TERM OF PERIOD

1.1 It is agreed that this Lease shall remain in force for a term of five (5) years from the date first written above, subject to the conditions hereinafter set forth and shall continue from year to year thereafter so long as oil or gas is produced in paying quantities from the leased premises hereunder, or written approval from the County is obtained at least thirty (30) days prior to the five (5) year anniversary date of the Lease, based upon the Lessee's bona fide attempts to secure or restore the production of oil or gas by conducting drilling, or reworking operations on the leased premises hereunder, or engaged in the abandonment, or plugging of wells or removal of equipment therefrom.

RENTAL

2.1 Annual rental shall be ten dollars (\$10.00) per acre and made payable to the County, with the first year's payment due upon the final execution and deliverance of said Lease and all subsequent annual rentals due upon anniversary date of said Lease. A one-time Bonus payment of \$17,500 is due upon final execution and deliverance of said Lease.

2.2 The drilling of each well in the leased premises as provided in Section 8 shall reduce the rental set out in the preceding paragraph by the amount of rental on the number of acres attributable to each well as provided in Section 9, which reduction shall become effective on the next rental date, provided the well is a producer. If such wells are drilled on a unit created by a spacing order issued to County or on a unit created by voluntary unitization agreement entered into with the approval of County, a well drilled on such unit shall reduce the rental above set out by the amount of rental attributable to the acreage contained in the portion of the leased premises included in such unit.

OIL ROYALTY

3.1 Lessee shall pay to County, as royalty, 14.5% of the field price per barrel (42 U.S. gallons) at 60 degrees Fahrenheit produced and saved from the leased premises for all oil, condensate, and other liquid hydrocarbons of like grade and gravity which prevail in that area on the day such oil and other products are run into the pipeline or into storage tanks; the amount to be paid to County will be the 14.5% royalty multiplied by the fractional interest held by County.

3.2 County may, at its own option, however, demand that Lessee deliver to the credit of County, as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal of 14.5% of all oil, condensate and liquid hydrocarbons produced and saved from the leased premises; the amount to be delivered to County will be the 14.5% royalty multiplied by the fractional interest held by County. Should Lessor desire to take its proportionate share of the oil in-kind, Lessee shall deliver to a facility on the leased premises and in near proximity to Lessee's facility Lessor's proportionate share of the oil saved and produced for a well. The cost of Lessor's facilities shall be the sole expense and risk of Lessor.

3.3 If oil, gas, condensate, and other liquid hydrocarbons each in paying quantities should be developed from the same well, then the oil and the gas, condensate, and other hydrocarbons shall be saved.

3.4 Lessee shall gauge, measure, sample, and test all petroleum and petroleum products in accordance with standard practices as outlined in American Petroleum Standard 2500, January 1, 1955, or as subsequently amended by the same authority, and at a temperature base of 60 degrees Fahrenheit. Lessee shall provide tanks for accurately measuring the crude oil produced from the Lease. Positive copies of one hundred percent (100%) capacity tank tables are to be furnished to County or other acceptable standards of measuring production upon request of Lessor.

3.5 If there is sufficient gas produced from the premises upon which a well drilled hereunder is located over and above the amount required for operations by the Lessee hereunder, the Lessor owning the parcel of property upon which said well is located may use, free of charge, in appliances furnished by the Lessor upon the premises subject to his lease, not exceeding 400,000 cubic feet to gas per annum. The necessary facilities, including meter, regulator, lines and connections shall be furnished and installed at the expense of the Lessor at the place of or near to the well and of the kind designated by the Lessee. The use of gas hereunder shall be wholly at the risk of Lessor and without liability to the Lessee for any accident or damage caused thereby, nor shall Lessee be liable for any shortage or failure in the supply of gas for said domestic use. Any gas used by the Lessor in excess of said annual amount shall be paid for at the prevailing field rate.

GAS ROYALTY

4.1 Lessee shall pay to County, as royalty, \$.025 per thousand cubic feet (mcf) or 14.5% of the market value, whichever is higher, for all natural gas, casinghead gas, or other gaseous substances produced and sold or utilized by Lessee at the sales meter from each gas well drilled on the leased premises, the amount to be paid to County will be the 14.5% royalty multiplied by the fractional interest held by County and shall be payable monthly at the market price received for natural gas at the sales meter at the time of delivery.

4.2 County may, at its option, however, demand that Lessee deliver to the credit of County, as royalty, free of cost, in the pipeline to which Lessee may connect its wells, the equal of fourteen and one half percent (14.5 %) of all as and other gaseous substances produced and saved from the leased premises; the amount to be delivered to County will be the fourteen and one half percent (14.5 %) royalty of the gas produced multiplied by the fractional interest held by County. Should Lessor desire to take its proportionate share of the oil in-kind, Lessee shall deliver to a facility on the leased premises and in near proximity to Lessee's facility Lessor's proportionate share of the oil saved and produced for a well. The cost of Lessor's facilities shall be the sole expense and risk of Lessor.

PAYMENTS

5.1 Lessee shall be held responsible for the payment of all royalties, which shall be mailed to the County at Courthouse Square, 100 West Beau Street, Suite 701, Washington, Pennsylvania 15301, and made payable to Washington County upon receipt of initial production month's payment, all subsequent payments of royalties shall be made not later than the twenty-

fifth (25) day of each calendar month covering production and sales for the preceding calendar month.

5.2 Lessee shall submit statements by individual wells of the production and sales of oil, gas, other hydrocarbon products, and other products not later than the twenty-fifth (25) day of each calendar month covering production and sales for the preceding calendar month. Also, a copy of the “Annual Well Production Report” (ER-OG-49) for each well drilled under this Lease must be submitted yearly. All statements and reports must be submitted to the County of Washington, Courthouse Square, 100 West Beau Street, Suite 701, Washington, Pennsylvania 15301.

5.3 Once it has been determined by County that Lessee is in default in the payment of any sum of money payable under provisions of this Lease for thirty (30) days, Lessee agrees to pay an additional twelve percent (12%) annual interest on the defaulted amount calculated from the time of such default. This provision is in no way a waiver of the requirement to pay on time.

OPERATIONS

6.1 Lessee shall carry on all operations under this Lease with due diligence and in a good and workmanlike manner, in accordance with the best and most up-to-date oil and gas field practices.

6.2 All Soil Erosion and Sedimentation Control Plans for single-well sites, access roads, support activities, multi-well projects, pipelines and other oil and development operations, must be forwarded to the County of Washington, or its designated representative(s), Courthouse Square, 100 West Beau Street, Suite 701, Washington, Pennsylvania 15301, at least thirty (30) days prior to seeking approval from the Department of Environmental Protection.

RESTRICTIONS

7.1 Under County's multiple use policy, the leased premises are continuously used for recreation, wildlife conservation and other purposes, and many authorized activities may be in progress on the lands. Hence, Lessee shall conduct its operations so as to minimize interference with the other authorized activities on these Park Lands and shall comply with the following restrictions:

- a.** No drilling is permitted within 400 feet of any building.
- b.** No drilling is permitted within 300 feet of any stream, wetland or body of water.
- c.** No drilling is permitted within 300 feet of any wildlife refuge or propagation area which has been so designated by County.
- d.** No drilling is permitted within 200 feet of any trail, road or existing right-of-way.
- e.** All dates and times for proposed gas/oil activities within the Park boundaries to include, drilling, pipeline installation, reclamation and revegetation, shall be forwarded to the Director of Planning or its designated representative(s) at least thirty (30) days prior to the scheduled event.
- f.** No drilling or road or pipeline construction activities authorized by this Lease will be permitted on the following dates unless approved in writing by County.

1. The opening day of archery deer season.
 2. The opening day of early small game season.
 3. The opening day of general small game season.
 4. The first three (3) days of antlered and antlerless deer seasons.
 5. All Saturdays of firearms deer season.
 6. The opening day of muzzleloader deer season.
 7. Spring turkey season (Saturday).
 8. All State and Federally recognized holidays.
- g.** If making entry onto Park property, other than a pre-existing road or accessway, Lessee shall be required to construct and erect a metal gate at the said entry point as per the County specifications (see Exhibit “C”). Upon termination of Lease, said gate shall become the exclusive property of the County. Entry points are subject to the written approval of Washington County for location, specifications, materials, contour, etc.
- h.** No drilling, placement of storage tanks or accessory uses shall be permitted below elevation of one thousand fifty (1,050) feet to the east of the breast works of Cross Creek Dam.
- i.** No salt water shall enter any stream or lake on leased property. Lessee shall supply detailed description as to means by which salt water shall be prevented from entering Park streams or lake.
- j.** No fracturing of rock will be allowed within a 3,000 foot radius of the dam, for all strata above the top of the Onondaga Formation unless otherwise approved in writing.
- k.** The number of wells shall be limited to six (6) below the Onondaga Formation and sixteen (16) above the Onondaga Formation.

7.2 Lessee shall strictly adhere to the following reclamation/revegetation plan for each well site and affiliated pipelines:

a. Trees and Brush

- 1.** Lessee shall pay the County twice the fair market stumpage value or \$10,000 well location fee, whichever is greater, for wells drilled below the top of the Onondaga Formation OR twice the fair market stumpage value or a \$1,000 well location fee, whichever the greater, for wells drilled above the top of the Onondaga Formation. Stumpage value shall be determined by the average of two or more separate local professional foresters, for all marketable trees prior to the cutting of said trees, and shall remove all said trees, brush, and affiliated slashings within six (6) months from the date of their initial cutting or the ownership of any remaining said trees, brush and/or slashings will revert back to the County, for the County's exclusive use.
- 2.** In the event that Lessee fails to adhere to the terms as more clearly specified in Paragraph 7.2a. 1, above, County is authorized to cause to have removed said trees, brush and affiliated slashings at the sole expense of Lessee with no due compensation afforded to Lessee for the incidental sale of any remaining marketable trees or tree by-products left on or within the leased premises.

3. Lessee shall stack and compact all remaining unmarketable trees, stumps and brush at site designated by County.

b. Backfill and Restoration

1. Upon completion of the well installation, Lessee shall backfill and grade, all disturbed areas to generally conform to the surrounding contours. Lessee shall maintain a level area around the well site and level approach areas of future maintenance of the well. These areas shall be dressed with an adequate amount of gravel to provide an erosion free running surface.
2. Lessee shall scarify the site surface with disc or other suitable implement unless the soil has been completely worked since the last rainfall.
3. Lessee shall seed all disturbed areas with the following seed mixture or an alternate seed mixture as approved in writing by the County:
 - Perennial Rye Grass 10 lbs. per acre
 - Birdsfoot Trefoil 10 lbs. per acre
 - Ladino "Deer" or White Dutch Clover 8 lbs. per acre
4. Lessee shall double strength inoculate Birdsfoot Trefoil and White Dutch Clover. Additionally, Lessee shall plant a nurse crop with all above referenced seed mixtures to consists of one bushel/acre of oats (planted in the spring or early summer) or one bushel/acre of grain rye (planted in the late summer or fall).

5. Lessee shall lime fertilize and mulch all plants at the following rates:

Lime: 4 tons of agriculture lime applied per acre
Fertilizer: 300 lbs. of 110-20-20 per acre
Mulch: 100 standard bales of straw or equivalent per acre
6. Maintain border of trees within viewshed of lake and shelters.
7. Paint tanks, etc., green or brown and/or plant evergreen shield per specifications of County.
8. Install necessary silt fence/rock lining for erosion control.

7.3 Upon written request by Lessee, County may waive in writing, any portion of the above restrictions if in County's judgment, such a waiver is justified and in its best interests.

FIRST WELL

8.1 Unless sooner terminated as otherwise herein provided or approved in writing by Lessor, Lessee shall commence a well on the leased premises or on unitized acreage containing a portion of the leased premises, but the well need not necessarily be on the portion of the leased premises contained within the unit, four (4) years from the date first written above and shall drill said well with due diligence. In the event the aforesaid well is not commenced within the above mentioned four (4) year period, the Lease shall be automatically terminated in its entirety, unless County approves in writing, thirty (30) days in advance of the anniversary date of this Lease, the continuation of the Lease on a year to year basis.

SUBSEQUENT WELLS

9.1 If the “FIRST WELL” drilled by Lessee or any subsequent well is productive of oil and/or gas and the well is expected to return the investment and operating costs on that well during the anticipated productive life of the well to its economic limit, then Lessee shall drill an additional well on the leased premises or on a unit containing a portion of the leased premises, but not necessarily on the portion of the leased premises contained within the unit, as would be drilled by a reasonable prudent operator acting under the same or similar circumstances. If an additional well is necessary, it must be commenced within 12 months after the completion of the last well drilled; provided, however, that if Lessee concludes an additional well is not justified then Lessee shall submit to County the information upon which the conclusion is based. Upon review of such information, if County determines that an additional well should be drilled, then Lessee shall have the option of drilling an additional well within 12 months from County’s determination or releasing all of the acreage covered by the Lease except forty (40) acres around each well from which oil is produced as the principal product and 640 acres around each deep well from which gas is being produced as the principal product and has been drilled below the top of the Onondaga Formation, or 220 acres around each shallow well from which gas is being produced as the principal product which has been completed above the top of the Onondaga Formation, or that amount of leased acreage actually contained within an established unit, whichever is less.

9.2 Lessee shall not be required under this provision to drill more wells than required or allowed under any spacing order, rule, or regulation of the Pennsylvania Department of Environmental Protection, or in the absence of any such order, more than one well for each forty

(40) acres where oil is being produced as the principal product or 220 acres where gas is being produced as the principal product of such shallow well and has been drilled to above the top of the Onondaga Formation, or more than 640 acres where gas is being produced as the principal product of such deep well which has been drilled to a depth below the top of the Onondaga Formation.

9.3 The amount of acreage included in a spacing unit by the Department of Environmental Protection, or in the absence of an order by County, forty (40) acres where oil is being produced as the principal product or 640 acres where gas is being produced as the principal product of such deep well which has been drilled below the top of the Onondaga Formation, or 220 acres where gas is being produced as the principal product of such shallow well which has been drilled above the top of the Onondaga Formation, shall be referred to elsewhere in the Lease as “acreage attributable to a well”.

DEVELOPMENT

10.1 Lessee agrees to drill such wells as a reasonably prudent operator would drill under the same or similar circumstances and after discovery of oil or gas on the lease premises, to develop and produce from the described leased premises efficiently, economically, without waste, and to the best advantage of County.

10.2 Well spacing shall not be closer than one (1) well for every forty (40) acres where oil is produced or 220 acres where gas is produced. Should closer spacing be required, written approval must be obtained from County. A copy of any “Well Spacing Orders” which are applicable in part or whole to this Lease shall be made available upon request to designated County personnel.

OFFSETS

11.1 Upon the failure of Lessee to enter into a unitization agreement to protect affected acreage of the leased premises from drainage through offset wells, Lessee agrees to offset within 180 days, any well drilled on leases not owned by the County that is completed within seven hundred fifty (750) feet of the boundary line of the leased premises and from which oil is being produced as the principal product anticipated from the objective formation; or at least two thousand two hundred (2,200) feet from such boundary line if gas is the principal product anticipated from the objective formation of the well of such deep well which has been drilled to the top of the Onondaga Formation or deeper, or at least one thousand twenty (1,020) feet from such boundary line if gas is the principal product anticipated from the objective formation of the well of such shallow well which has been drilled above the top of the Onondaga Formation; or any well drilled on leases not owned by the County that is completed within the radius of the drainage areas set by an order of the Department of Environmental Protection provided, however, that Lessee may present evidence to County to show that such offsetting well is unnecessary or economically unsound. Upon review of such evidence, County may, at its discretion, relieve Lessee of its obligation to drill the offsetting well. However, if County determines that an offsetting well should be drilled, Lessee will have the option of drilling the well as required, or paying to the County compensatory royalty on production from the offset well as if it had been drilled based on the production from the completed well which is to be offset and on the ratio the affected acreage bears to the total acreage which would have been drained by the well, or release all the acreage of the leased premises except forty (40) acres around each well from which oil is being produced as the principal product of such well, or six

hundred forty (640) acres around each well from which gas is being produced as the principal product of such deep well which has been drilled to the top of the Onondaga Formation or deeper, or two hundred twenty (120) acres around each well from which gas is being produced as the principal product of such shallow well which has been drilled above the top of the Onondaga Formation or that acreage attributable to a well by an order of the Department of Environmental Protection or an agreed upon unitization by the Lessor if the affected acreage falls within the area subject to such spacing order.

11.2 No well on the leased premises shall be shut-in if drainage will occur through any well within the aforeprescribed distances for oil and gas wells on leases not owned by the County and if such draining gas wells are on compression the offset wells on the leased premises shall be placed on compression, unless Lessee demonstrates that compression is not necessary as County concurs in writing..

UNITIZATION

12.1 Lessee shall have the right at any time or times to pool and consolidate this Lease, in whole or in part or as to any stratum or strata, which lands or leases adjacent to or in the immediate vicinity of this Lease, so as to constitute a unit or units for the purpose of entering, with the owners and/or Lessees, into joint operating agreements providing for the joint operation and development of the leased premises or portions thereof with wells or of wells located too close to the boundary of this Lease; provided, however, that such agreement and termination thereof shall not become valid unless and until the same shall have been approved in writing by County; said approval not to be unreasonably withheld or delayed; provided further, however,

that if such joint operating agreements or unit agreements are entered into pursuant to a valid spacing or integration order, the approval of County shall not be required.

12.2 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 operations upon or production from the leased premises.

12.3 Upon production from any part of any such unit, County shall be entitled to and Lessee shall pay royalties calculated as follows: there shall be allocated to the portion of this Lease included in such unit a fractional part of such production on the basis the ratio of the acres from the leased premises included in such unit bears to the total number of acres included in the unitized area and County shall be entitled to the royalties provided for in this Lease on such fractional part of such production.

SEISMIC SURVEYS

13.1 Lessee, its agents, contractors and subcontractors shall have the right to conduct seismic surveys over and across the leased premises. Prior to conducting any seismic work, Lessee shall submit to the County for approval, a map showing the location of each and every seismic line.

PIPELINES

14.1 Lessee is herewith granted that conditional right to lay any necessary pipelines under the leased premises; provided, however, a route map, soil erosion and sediment control plan and revegetation plan for each line shall be submitted to County for written approval prior to the laying of that line. All pipelines shall be buried a minimum of thirty-six inches (36") beneath the surface, unless otherwise approved in writing by County.

DRILLING

15.1 Lessee shall submit to County for written approval as to location, a plat showing the location of each well before the drilling thereof is commenced, and in addition, no well shall be commenced until a permit has been issued where necessary by Department of Environmental Protection's Bureau of Oil and Gas Regulation. Such approval shall not be unreasonably withheld or delayed. Any "Request for Waiver for Distance Requirements from Springs, Stream, Body of Water, or Wetland" (ER-OG-57) and "Request for the Use of Alternate Pit Liners" (ER-OG-73) must be submitted to the County or its designated representative(s) for review and comment at least thirty (30) days prior to seeking approval from the Department of Environmental Protection.

15.2 Lessee shall maintain at all times, the casing control equipment in such condition that will effectively control any oil, gas or water encountered during operations in a well being drilled, tested, completed or reconditioned. All drilling wells or wells being serviced by a rig shall be equipped with working blowout control equipment tested to twice normal hydrostatic pressure for the depth drilled that will completely close off the open hole and that will completely close off around any equipment being employed in the well and will be equipped with a bleed-off valve of the proper size and working pressure. If the blowout preventer is hydraulically operated, adequate pressure shall at all times be available for efficient operations. Blowout control equipment must be capable in case of an emergency to shut-in the well at a point at least fifty feet (50') from the wellhead.

15.3 Drilling mud of sufficient weight to prevent oil, gas or water blowouts, or flows to the surface, shall be mixed and ready to use in wells prior to drilling any reservoir capable of flowing liquid or gas to the surface.

15.4 All casing, tubing and equipment used in the drilling and completion of a well should be in good condition and adequate in strength for the depths to be drilled and the pressures that may be encountered.

15.5 Lessee shall use a casing program which complies with oil and gas statutes and rules and regulations of the Commonwealth and which prevents the escape of oil, gas or water out of one stratum into another, the pollution of fresh waters, supplies and blowouts.

15.6 The surface casing shall extend from the surface to a depth below all fresh water zones known to exist in the field and adjacent area to protect them from contamination.

15.7 All surface casing and production casing shall be cemented in the ground with good quality cement equaling or exceeding A.P.I. specification in the manner hereinafter described.

15.8 In wells where cement has not been circulated to the surface, there must be sufficient good quality cement in place in the annular space behind the casing to tightly hold the casing in place so that the escape of oil, gas or water from one stratum to another or to the surface does not occur behind the casing.

15.9 Lessee, its agents, contractors and subcontractors, shall not allow the well to blow open, except in case of an emergency over twenty-four (24) hours after drilling-in. Lessee will pay County at the regular royalty rate for any gas allowed to escape, except in case of an emergency not caused by Lessee's operations after this initial twenty-four (24) hour period.

15.10 Lessee shall at all times conduct prudent drilling operations, including the setting and cementing of casing in such a manner as will permit the production of oil, gas and liquid hydrocarbons, without waste and including the taking of all reasonable precaution by the use of proper equipment and drilling practices as will protect persons and property against fires and hazards from blowouts. A copy of the “Preparedness, Prevention and Contingency (PPC) Plan” for oil and gas development pertaining to this Lease area shall be made available to County personnel upon request.

15.11 It is agreed that Lessee shall have the privilege of using sufficient water and gas from water wells drilled on the leased premises, free of royalty, to run all machinery necessary for drilling thereon only. Water shall not be extracted from stream or lake without written permission from County.

15.12 Lessee shall take all safety precautions necessary to prevent the uncontrolled escape of hydrogen sulfide gas from oil and gas wells and facilities.

15.13 In areas where hydrogen sulfide gas is known to be present in the formations that are to be drilled, Lessee shall:

- a.** Install adequate emergency shutdown equipment, hydrogen sulfide gas detection and monitoring equipment, hazardous condition alarms and personnel safety equipment, particularly protective breathing apparatus at all facilities where hydrogen sulfide gas in concentrations exceeding 100 ppm is anticipated or used.
- b.** Make gas masks and portable hydrogen sulfide gas detectors readily available for use at all sites.

- c. After hydrogen sulfide has been initially detected by any device, conduct frequent checks of all areas of poor ventilation with a portable hydrogen sulfide detector.
- d. Use special steel pipe and casing which is resistant to hydrogen sulfide stress cracking, in wells and facilities handling the gas in concentrations exceeding 100 ppm.
- e. Quickly notify and evacuate, if necessary, all persons in the vicinity if dangerous quantities of hydrogen sulfide gas uncontrollably escape from oil or gas facilities.
- f. Post warning signs around all well sites or other facilities handling toxic hydrogen sulfide gas in concentrations exceeding 100 ppm. The warning signs should be visible on all approaches to and at a safe distance from all facilities handling the hydrogen sulfide gas including warning markers on all pipelines which may be used to transmit the toxic gas.
- g. Install a fence around any fixed surface facility handling hydrogen sulfide gas in concentrations exceeding 100 ppm and keep the gate locked.
- h. Immediately notify County and record on appropriate well records and driller's logs and H S gas found in the course of drilling or producing operations.

15.14 Lessee shall submit a copy of all "Control and Disposal Plans" relating to activities utilizing polluting substances to County or its designated representative(s) at least thirty (30) days prior to seeking approval from the Department of Environmental Protection, including,

but not limited to any “Request for Approval to Dispose of Residual Waste (Including Contaminated Frill Cuttings) by Land Application” (ER-OG-74), “Request for Approval of Alternative Waste Management Practices” (ER-OG-71), “Request for Approval of a Pit for the Control, Handling or Storage of Production Fluids” (ER-OG-72), and “Report for Land Application of Tophole Water and Disposal of Residual Waste in Pits” (ER-OG-75).

REPAIR OF EQUIPMENT

16.1 Lessee does hereby agree that it will, at all times, during the continuance and delivery of oil, gas and liquid hydrocarbons, to the market, keep, maintain and repair its pipelines and equipment to the end that there shall be no leaks or waste of oil and gas and liquid hydrocarbons.

WELL RECORDS, LOGS AND REPORTS

17.1 Lessee shall keep a daily drilling record which will describe the formations penetrated, depth and volumes of water, oil, gas and liquid hydrocarbons found while drilling each well on the leased premises. Any other data that is usually acquired in the normal procedure of drilling time, rate of fill-up, lost circulation zones, caving strata, casing records, core analyses, mud log analyses, perforation, and production test data. Within thirty (30) days after completion of each well, a copy of the “Well Record and Completion Report” (ER-OG-4) for each well drilled on the leased area must be submitted to the County or its designated representative(s).

AUDITS

18.1 Lessee shall furnish to County or its designated representative(s), at its request, the meter charts covering the production of each well on the Lease. County may keep such charts for examination for a period not be exceed ninety (90) days. Lessee shall furnish or secure for

County promptly any statements furnished to Lessee by any person or corporation to whom Lessee delivers for sale or transport any oil, gas, and other products produced from the Leased premises.

18.2 Lessee further authorizes and directs any person, association, company, partnership, corporation, or other entity to whom it sells or furnishes oil, gas and liquid hydrocarbons, produced from any well covered by this Lease, to disclose and exhibit accounts and other instruments to representatives of County at County's request having to do with the transactions involving payments to Lessee, his heirs, administrators, executors, successors, and assigns for oil, gas, and liquid hydrocarbons from wells covered by this Lease.

18.3 Lessee further grants to County or its designated representative(s) the right at any time 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 County, and for checking the amount of payments lawfully due under the terms of this Lease. Lessee agrees to provide every aid or facility to enable such audit to be made by County. If such audit should disclose any gross error or fraud by Lessee in payment of royalties, then Lessee shall pay the cost and expense of the audit together with the deficiency. However, in case of fraud by Lessee, such payments shall not preclude County in its discretion from canceling this Lease upon delivery to Lessee of written notice of County's intention.

LESSEE'S TERMINATION

19.1 Lessee may, at any time, or from time to time, surrender this Lease or any portion thereof if Lessee is not then in default of any obligations under this Lease; provided, however, that such surrender must be evidenced by written notice delivered to County at least thirty (30)

days prior to the effective date thereof, and that Lessee has performed all commitments with which Lessee is charged to the effective date of the surrender, shall be deemed liquidated damages due County and shall be in no way prorated or subject to claim by Lessee for return to Lessee. The “FIRST WELL” provision shall not be regarded or construed as a commitment or obligation under this paragraph.

19.2 In the event that producing wells are to be retained, Lessee shall be entitled to retain that drainage acreage attributable to each well as previously provided under Section 9.

REMOVAL

20.1 Lessee shall have six (6) months after termination, abandonment, or surrender of the Lease, or any part thereof, in which to remove all machinery, wells, equipment, structures, unused pipelines, resulting from Lessee’s operations, to fill and level all pits, and to restore the property to the same condition as when received.

RELEASE

21.1 Lessee shall not be granted a final release from the terms of this Lease until a County representative has met with Lessee’s field engineer on the ground, inspected the premises, and received a signed statement of release from County indicating the proper cleanup has been completed.

PLUGGING

22.1 Lessee shall properly and effectively plug all wells on the leased premises before abandoning in accordance with the regulations of the Department of Environmental Protection, Bureau of Oil and Gas Management and all applicable laws of the Commonwealth. A copy of the plugging procedure approved by the Bureau of Oil and Gas Management and the “Certificate

of Well Plugging” (ER-OG-6) shall be supplied to the County or its designated representative(s). In addition to the above mentioned requirement upon completion and plugging of a well, a permanent marker of concrete or any other marker approved by County shall be erected over the well. The marker shall extend from five (5) feet below the surface to at least two (2) feet above the surface. The name of the person, firm, company, or corporation by whom the well was drilled and the number of the well shall be stamped, cast, or otherwise permanently made a part of the marker. The erection of the marker shall in no way interfere with the vent pipe if one is required. Failure to comply with the above plugging requirements will be reason for cancellation of this Lease and the posted bond will be forfeited to fund the proper plugging of the well or wells by the County.

22.2 The plugging procedures, as herein stated, shall also include all shallow wells drilled in areas which are not coal productive and are not covered by the regulations of the Commonwealth (Certificate of Plugging Form may be obtained from the Department of Environmental Protection, Bureau of Oil and Gas Regulation).

ABANDONMENT AND STORAGE RIGHTS

23.1 In the event the development of this Lease demonstrates, in the opinion of County, that this tract has potential value as a gas storage reservoir (no storage rights are demised to Lessee under the terms of this Lease), the well, equipment, property, and casing involved shall first be offered to County at the then fair market value of those items before any well shall be plugged. Such firm offer shall be made in writing to County at least thirty (30) days prior to commencement of removal of the equipment from the well by Lessee.

COUNTY TERMINATION

24.1 If Lessee shall fail or refuse to pay any rental or royalty due under the terms of this Lease within thirty (30) days after demand in writing by County, or if Lessee shall violate, or fail to perform any of the covenants or provisions of this Lease, County shall have the right to terminate the Lease.

24.2 In case of default in the payment of any sum of money due under the provisions of this Lease within thirty (30) days after demand in writing by County or the breach of any other of the terms of this Lease, Lessee hereby authorizes and empowers any attorney of any court of record to appear for it in an amicable action of ejectment for the leased premises above described, to be entered by the Prothonotary in which County shall be plaintiff and Lessee defendant, and confess judgment therein favor of the plaintiff and against the defendant for the leased premises and authorize the immediate issuing of a Writ of Possessionem waiving all stay and exemption laws and release of errors.

INDEMNITY

25.1 Lessee shall at all times hereinafter indemnify and save harmless, County from and against all detriment, damage, loss, claims, demands, suits and expenses, or other claims of any kind whatsoever which County may sustain, suffer, or be subject to directly or indirectly by reason of location, obstruction, presence, maintenance, renewal, or removal of the operations permitted by this Lease or resulting therefrom.

BOND

26.1 Lessee agrees to give County a surety or performance bond with satisfactory corporate surety in the principal sum of twenty-five thousand dollars (\$25,000) with judgment

clause in a form to be approved by the County Solicitor conditioned on the faithful performance of the covenants of this Lease. The bond shall be further conditioned that in the event Lessee shall fail to remove its equipment and machinery and properly abandon all wells upon termination of this Lease, or within six (6) months from the termination, County can execute upon the bond to pay for cost of removal of the equipment and machinery and proper abandonment of the well or wells. In addition, the bond shall be conditioned in favor of the County for all damages that may arise as a result of fires, accidents, or any other causes brought about by Lessee or Lessee's agents occupying the leased premises and in the use of all County roads off the leased premises.

26.2 Additionally, Lessee shall, prior to drilling any well on the leased premises, provide the County with a surety or collateral well plugging bond, in form acceptable to the County (i.e. surety bond, irrevocable letter of credit or bank certificate of deposit) in an amount equal to or exceeding the reasonable expected estimated total cost of plugging the well one year after its predicted completion as a producer or shut-in well, said bond to remain in effect until the plugging and abandonment of the well has been completed in compliance with applicable state law, and the well site has been restored and revegetated to the satisfaction of the County. This estimated total cost must include, at a minimum, the expected labor rates, equipment rental/contracting rates, and a listing of all materials and their affiliated costs per unit required to plug each said well.

Should the County not approve in writing the Lessee's expected reasonable total well plugging cost, or should the Lessee fail to provide an estimated total well plugging cost per well, the County will assign the following set bond rates:

<u>Well Depth</u>	<u>Minimum Bond Amount</u>
Less than 2500'	\$ 5,000
2500' to 5000'	\$10,000
5000' to 8500'	\$20,000
8500' and Deeper	\$40,000

26.3 Every five (5) years during the term of this agreement, and effective on the anniversary date of this agreement, new bond amounts may be instituted at the option of the County by notice in writing from the County to Lessee within six (6) months of the anniversary date. Such new bond amounts shall equal the original bond amounts set forth in paragraphs 26.1 and 26.2 herein adjusted for inflation so that the bond amounts will adequately cover the expected Lease obligation costs prevailing at the time of adjustment.

RELATED AGREEMENTS

27.1 County will be furnished for record purposes and to protect its interests, a copy of all agreements, contracts, letters or memorandums entered into, made, or sent by Lessee in any way concerning the development, operation, or sale of products from this Lease.

ASSIGNMENTS

28.1 Lessee shall not use or allow to be used, the leased premises for any other purpose than authorized by this instrument and shall not assign or sublet the lease premises in whole or in part at any time or from time to time without the prior written consent of County.

LIMITATION

29.1 The County is considered to be the owner of the oil and gas rights under the leased premises but makes no warranty as to the presence of oil and gas, nor as to its ownership thereof. In the event it is determined by compromise or by a final judgment of a court of competent jurisdiction that the County does not have title to all or part of the oil and gas rights

on the lands hereby leased, the royalties thereafter accruing from any part as to which this Lease covers less than the full interest in such oil and gas rights, shall thereafter be paid only in the proportion which the interest therein, if any, covered by this Lease bears to the whole and undivided fee simple estate therein; but any sums of money previously paid pursuant to the terms of the Lease shall not be reimbursable to Lessee, except as hereinafter provided in this paragraph. In the event of an adverse claim to the premises affecting title to all or a portion of the oil and gas rights under the leased premises, notice of such claim will be given to County which may enter into an escrow arrangement for future royalties accruing to such disputed portion under terms and conditions that County feels proper to safeguard the rights and interests of the County.

FORCE MAJEURE

30.1 This Lease shall not be terminated, in whole or in part, nor shall Lessee be held liable for damages for failure to comply with express or implied covenants hereof if compliance, therewith, is prevented by or if such failure is the result of any Federal or State laws, executive orders, rules, or regulations whether valid or invalid. If, at the end of the primary term, hereof, such term has not been extended by production or drilling as in the Lease provided and Lessee by reason of any of the above recited causes is unable to drill a well on the leased premises for oil or gas, the primary terms and the rental provision, hereof, shall be extended automatically from year to year for a period not to exceed ten (10) additional years unless further extension is approved by County so long as Lessee meets all requirements for payments of money and other obligations to County; provided, however, upon the removal of such delaying cause, Lessee must commence operations within six (6) months after such removal. During any period that Lessee is

unable to produce and/or market any products from the leased premises by reason of any of the above recited causes, this Lease shall remain in full force and effect.

LIABILITY

31.1 Lessee shall alone be liable and responsible for any pollution or other damage to any portion of the environment in or adjacent to the leased premises which occurs as a result or consequence of Lessee's occupation and use of the leased premises, irrespective of whether or not such pollution or damage be due to negligence or to the inherent nature of Lessee's operations, unless an independence intervening cause be found to be the sole proximate cause of the pollution or damage. In any action for civil damages brought under this section, there shall be a presumption that, but for Lessee's occupation and use of the leased premises, the pollution or other damage would not have occurred, it shall then be incumbent upon Lessee to come forward with evidence to rebut this presumption.

RIGHTS RESERVED BY COUNTY

32.1 County reserves the right to use the leased premises in any and all respects not specifically limited by the terms of this Lease.

32.2 County reserves all minerals within the leased premises other than oil, gas and liquid hydrocarbons and shall have the right to lease those mineral rights to third parties insofar as County is otherwise legally entitled to lease the same, subject to rights granted to Lessee under this Lease.

32.3 County reserves the right to approve in writing all plans for the construction upon the leased premises of structures, rigs, machinery, communication facilities, ways and roads, well locations, pipelines and equipment and for drilling wells. Detailed written plans for any

such construction shall be submitted to County at least thirty (30) days prior to planned commencement of construction on the leased premises, unless upon due cause shown, County waives the thirty (30) day requirement and allows a Lesser but reasonable time for review. Such approval shall not be unreasonably withheld or delayed.

32.4 The surface rights of County shall be considered dominant and the oil and gas rights of Lessee servient. Any dispute between the parties hereto concerning surface use shall be resolved in favor of the interests of the County.

PROTECTION AND CONSERVATION

33.1 Lessee shall construct a fence around all potentially dangerous surface structures or equipment to prevent public access. County shall have the discretion to order such fencing where protection of the public is deemed necessary. All equipment which is unguarded and unfenced shall be posted with hazard warning signs.

INSURANCE COVERAGES

34.1 The awarded vendor must furnish and keep in full force, during the term of this contract, the following insurances:

Unless waived by the County in writing, Contractor shall obtain insurance of the types and in the amounts described below:

(1) Commercial General and Umbrella Liability Insurance.

(a) Contractor shall maintain Commercial General Liability (CGL) and, if necessary, Commercial Umbrella Insurance with a limit of not less than \$3,000,000 each occurrence unless specified on addendum XXX. If such CGL insurance obtains a general aggregate limit, it shall apply separately to this location or project. CGL insurance shall be written on ISO occurrence form CG00011093 (or substitute form providing equivalent coverage or a newer version) and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising

injury and liability assumed under an insured contract including the tort liability of another assumed in a business contract. County of Washington shall be included as an insured under the CGL, using ISO additional insured endorsement CG2026 or a substitute providing equivalent coverage, and under the Commercial Umbrella, if any. This insurance shall apply as primary insurance with respect to any other insurance or self-insurance programs afforded to County of Washington. There shall be no endorsement or modification of the CGL limiting the scope of coverage for liability arising from pollution, employment-related practices, sexual abuse or molestation or others as specified by County of Washington.

(b) Commercial General Liability insurance shall be endorsed to include coverage for underground resources and equipment; blowout and catering; and explosion.

(c) **Pollution Liability**

Contractor shall maintain in force for the duration of the contract insurance for pollution legal liability applicable to bodily injury; property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed; cleanup costs; and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims; all in connection with any loss. Coverage shall be maintained in amount of at least \$1,000,000 per loss with an annual aggregate of at least \$2,000,000.

Coverage as required in the above paragraph shall apply to sudden and non-sudden pollution conditions resulting from the escape or release of smoke, vapor, fumes, acids, alkalis, toxic chemicals, liquids, or gasses, waste materials, or other irritants, contaminants or pollutants.

If coverage as required in the foregoing paragraphs is written on a claims-made basis, the Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this contract; and that continuous coverage will be maintained or an extended discovery period will be exercised for a minimum period of two years beginning from the time that work under this contract is completed.

(2) **Business Automobile and Umbrella Liability Insurance.**

(a) Contractor shall maintain Business Automobile Liability, and if necessary, Commercial Umbrella Liability insurance with a limit of not less than \$2,000,000 each accident. Such insurance shall cover liability arising out of any automobile, including owned, hired and non-owned automobiles. Business automobile coverage shall be written on ISO form CA0001 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide Contractual Liability coverage equivalent to that provided in the 1990 and later editions of CA0001.

(b) Umbrella Liability Insurance with Pollution Liability coverage at least as broad as that provided under the ISO pollution liability. The Motor Carrier Act endorsement (MCS90) shall be attached to the business auto policy.

(3) Workers Compensation Insurance.

Contractor shall maintain Workers Compensation and Employers Liability Insurance.

(a) The Employers Liability and/or Umbrella Liability limits shall not be less than \$1,000,000 each accident for bodily injury by accident or \$1,000,000 each employee for bodily injury by disease.

(4) Insurance Requirements for all Policies.

(a) Contractor waives all rights against County of Washington and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the Commercial General Liability, Automobile Liability, Pollution Liability or Umbrella Liability Insurance maintained pursuant to previous paragraph of this agreement. By requiring insurance herein, County of Washington does not represent that coverage and limits will necessarily be adequate to protect contractor, and such coverage and limits shall not be deemed as a limitation on Contractor's Liability under the indemnities granted to County of Washington in this contract.

(b) If Contractor's Liability does not contain the standard ISO separation of insured's provision, or a substantially similar clause, they shall be endorsed to provide Cross-Liability coverage.

(c) Prior to the commencement of terms of this contract, contractor shall furnish County of Washington with a certificate of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements set forth above.

(d) All certificates of insurance shall provide for 60 days' written notice to County of Washington prior to the cancellation or material change of any insurance referred to therein.

(e) The words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representative" shall be deleted from the certificate form's cancellation provision.

(f) Failure of County of Washington to demand such certificate or other evidence of full compliance with these insurance requirements or failure of County of Washington to identify a deficiency from evidence that is provided shall not be construed as a waiver

of contractor's obligation to maintain such insurance.

(g) Failure to maintain the required insurance may result in termination of this contract or other punitive measures, such as withholding payments or denying access to the premises at County of Washington's option.

(h) The contractor must agree to hold harmless and indemnify Washington County and its officials from and against any and all liability arising out of any action, claimed demand, suit, or cause of action which may be made or asserted against the County of Washington and its officials by reason of any acts of the agency, or its performance of the services contemplated by this contract. The contractor insurance policy including: Commercial General Liability, Automobile Liability, Pollution Liability or Umbrella Liability Insurance must be endorsed to include the County of Washington as additional insured.

(i) Certificates of Insurance must be delivered to Washington County within five (5) days after the award evidencing these coverages.

(j) Once the contract has been signed, performance bond and required insurance certificate has been received by Washington County, the \$5,000.00 bid bond will be returned.

(k) Insurance as required in the foregoing paragraphs shall be placed with an insurer acceptable to the County.

(l) **Subcontractors** – Contractor shall cause each subcontractor employed by Contractor to purchase and maintain insurance of the type specified in the foregoing paragraphs. Contractor shall furnish copies of certificates of insurance evidencing coverage for each subcontractor.

(m) Insurance as required in the foregoing paragraphs shall be placed with an insurer acceptable to the County with a Best Rating of A- or better.

IT IS HEREBY MUTUALLY UNDERSTOOD AND AGREED that this agreement shall be legally binding on the parties hereto, their heirs, administrators, executors, successors and assigns.

IN WITNESS WHEREOF, County and Lessee have caused this agreement to be duly executed and have caused their seals to be hereto affixed and attached by their proper officers, all hereunto duly authorized, on the date first above written.

ATTEST:

**WASHINGTON COUNTY
BOARD OF COMMISSIONERS**

Catherine E. Kresh
Chief Clerk/Director of Administration

John P. Bevec, Chairman

**APPROVED AS TO
FORM AND LEGALITY:**

Diana L. Ireby

Richard DiSalle, Solicitor

J. Bracken Burns, Sr.

ATTEST:

Great Lakes Energy Partners, L.L.C.

**APPROVED AS TO
FORM AND LEGALITY:**

Name:
President or Vice President

Per Min#701 Dated 8/15/02

EXHIBIT “A”

REQUIREMENTS FOR PROTECTION AND CONSERVATION OF COUNTY PARK LANDS

Lessee hereby agrees to the following stipulations:

ENVIRONMENTAL QUALITY CONTROL

1.1 Lessee shall take all necessary precautions and measures throughout the entire course of this Lease to insure strict compliance with all pertinent laws and rules and regulations promulgated thereunder, whenever enacted, including: the Air Pollution Control Act, as amended (Act of January 8, 1960, P.L. 2119m 35 P.S. 4001, et. seq.); the Clean Stream Law, as amended (Act of June 22, 1937, P.L. 1987, 35 P.S. 691.1 et seq.); the Solid Waste Management Act, as amended (Act 241, July 31, 1968); the Gas Operations Well Drilling Petroleum and Coal Mining Act, as amended (Act of November 30, 1955, P.L. 756, and known as the Act of the General Assembly No. 38); and the Game and Wildlife Code (34 PA. C.S. Section 101 et seq.) and the Federal Endangered Species Act of 1973.

1.2 Notwithstanding any provisions in this Lease, Lessee shall be held liable for the violation of any relevant laws, rules and regulations.

1.3 Lessee shall at all times perform its work in such a manner as to substantially minimize the possibility of polluting the air, land, or bodies of water with any materials harmful to the environment.

1.4 As development of the Lease premises progresses and unforeseen circumstances arise that were not evident during the design, emergency pollution control programs may be put into effect immediately. In such cases, instructions will be issued by Lessor and will be carried out by Lessee.

1.5 The Air Pollution Control Act of the Commonwealth prohibits the burning of any refuse, rubbish, brush, etc. in the designated air basins of the State, except by approval of the Department of Environmental Protection respective Regional Air Pollution Control Engineer. Other emissions into the atmosphere are not permitted if they are injurious or hazardous to people, animals or vegetation.

1.6 Lessee shall strictly adhere to all rules and regulations for the collection, transportation, and disposal of solid wastes. Littering of the Lease premises will not be permitted.

1.7 The discharge of wastes to streams within the Commonwealth will not be permitted unless such discharges meet the standards of the Department of Environmental Protection. Water quality not to be less than quality at time Lease executed.

ANIMALS

2.1 Lessee shall prevent access of humans or animals to pits or excavations dug for Lessee's operations by erecting, maintaining fences, or by other means approved by County.

SLUSH PIT

3.1 Each slush pit will consist of two compartments; one to contain fluids from the drilling operations and the second to contain surface runoff from the drilling site. Unless authorized by County, all slush pits will be located at approximately the same elevation as the drilling site. Depending on the topography and slope conditions, the slush pit to contain surface runoff may be located below the drilling site and a safe and reasonable distance from the stream in which the effluent will be discharged. The slush pit used to contain drilling fluids, mud, and water will be lined with plastic so that no escape of these fluids will occur. If said fluids contain oil or

other chemical substances which are harmful to the forest environment, Lessee shall transport these fluids for disposal. All trash, rubbish, or waste materials from each drilling site shall be removed and disposed of in a properly licensed solid waste site. All pits shall be filled with earth and developed per County specifications at Lessee's expense upon completion of each well.

3.2 Before any operations commence, the location, design, construction, and maintenance of any slush pit must be approved by Lessor.

3.3 If drilling operations are conducted by air, gas, or airfoam, Lessee shall also provide sufficient means by which dust and/or foam dispersal are abated, kept to a minimum, and shall not become a nuisance.

SILTATION

4.1 Lessee realizes that as a result of its operation, areas of land which may be cleared to provide for roads, rights-of-way, and drilling sites, and which will be exposed to the forces of erosion for varying periods of time, could create siltation to nearby streams. Lessee agrees, therefore, to re-grade such areas immediately and restore them to temporary grasses, until such time that permanent tree or shrub cover can be established as approved by County. Any other type of remedial work necessary to prevent erosion on such areas shall be performed by Lessee.

4.2 Lessee shall upon initial construction of all drilling sites, restore and reseed all highwalls and downslope embankments of each drilling site immediately. County shall be consulted for final design and approval of each drilling site prior to final restoration.

4.3 Lessee's contractors and subcontractors shall not construct earthen dams across any stream to obtain a water supply for its operations unless approved by Lessor.

4.4 Lessee shall on all rights-of-way and access roads construct water bars or similar diversion channels to carry surface runoff away from the rights-of-way and roads to prevent siltation. During construction if excess siltation is expected, Lessee shall construct a settling basin at

the base of the right-of-way or road to impound runoff and allow sediments to settle prior to discharge into nearby streams.

4.5 Lessee shall construct all access roads to all drilling sites along existing rights-of-way which are built to service the drilling site provided that a ten percent (10%) grade can be maintained. All road locations will be maintained in a passable condition.

WATERS

5.1 Lessee shall not locate any bore or core hole or any part of rig or slush pit within two hundred feet of any stream or body of water on Park Lands, and hereby agrees to prevent the contamination or pollution of springs, brooks, streams, or other waters on these lands in any manner whatsoever, by such means and measures as may be lawfully required by the Environmental Quality Boards, comply with any specific rulings concerning its operations.

5.2 Where construction, operation or maintenance of any of the facilities on or connected with this Lease causes damage to the watershed or pollution of the water resources, Lessee agrees to repair such damage and to take such corrective measures to prevent further pollution or damage to the watershed as are deemed necessary by an authorized representative of County and to pay for any and all damage or destruction of property, fish and wildlife resulting from operations under this Lease.

FOREST GROWTH

6.1 Lessee shall not cut, injure, destroy, or remove any forest growth, except that which shall be absolutely unavoidable in conducting its operations as set forth in the reclamation/reforestation plan of this Lease.

6.2 Lessee, unless otherwise specified by the County, shall remove all tree tops, limbs, brush, slash and any other forest growth not to be sold or utilized by County or Lessee which have

resulted from clearing operations from well sites, access roads, rights-of-way, and other construction sites.

6.3 Lessee shall dispose of all tree stumps and large rocks resulting from its clearing and construction operations using a plan approved by County.

6.4 Lessee shall pay County for all forest growth cut or injured on Park Lands as a result of Lessee's operations, regardless of the ownership of the oil, gas, mineral or surface support rights. Even though the County has been paid for the damage by Lessee, the title to all forest growth will still belong to the County. Damage is defined as the cutting or injuring of the forest growth by clearing a site so that men and equipment can be brought onto the location to establish a base from which Lessee may undertake its operation.

6.5 Prior to the clearing of the forest growth by Lessee, County representative will mark and/or designate the area from which forest growth will be removed. The value of the forest growth that will be cut or damaged for the clearing of a road, or drilling site, will be determined by County based upon timber type, size and market data, or upon replacement value for young stands or plantations. Lessee shall then be invoiced for the value, as determined by County. Payment to County of said invoice must be made before any forest growth may be cut or damaged.

6.6 Unless otherwise specified Lessee shall make full compensation to County at three (3) times the value of such forest growth cut, injured, destroyed, or removed to be computed by County should additional damage result at any time from the work incident to this Lease or the construction, operation, maintenance, or removal of facilities not herein contemplated or specifically mentioned, but which may occur as a result of said work or facilities, or should any forest growth be cut, injured, destroyed or removed prior to payment thereof.

FIRE

7.1 Lessee's employees, agents, contractors, and subcontractors, and employees of contractors and subcontractors shall do everything with their power to prevent or suppress forest fires and shall not allow fires to be set on or adjacent to Park Lands by Lessee, his agents, contractors and subcontractors, and employees of contractors and subcontractors, except in pursuance and in accordance with the conditions prescribed in the permission first obtained from County Representative fixing the time, place, and manner of burning.

7.2 Should any fire set by Lessee or any of the persons mentioned above escape in any manner or damage any Park Land or other property, Lessee shall be liable for all such damages resulting from such escape and for all costs incurred by County in fighting such fires; and Lessee's officers, agents, and employees in the vicinity, as well as contractors and subcontractors, shall with such assistance as Lessee may have at hand, or be able to summon, render aid in fighting said fire without cost to the County.

7.3 Lessee further agrees that during periods of abnormal forest fire danger, County may suspend all or part of the drilling, or other operations on all or part of the Park Lands until the forest fire danger subsides.

REPLACEMENT AND REPAIR OF IMPROVEMENTS

8.1 Lessee shall replace or repair, as County may direct, all Park signs, markers, corners, fences, or other structures, and service utility lines, owned or used by County which cross or otherwise lie within the Park destroyed or damaged in any work incident to this Lease.

ROADS, QUARRY AND DRILLING SITES

9.1 Lessee shall not construct any roads, clear quarry, or drilling sites, or excavate any trenches without prior written approval from County, who shall set forth the type and grade of roads, trenches and area to be cleared. The access roads shall be held to a maximum grade of ten percent

(10%). However, if steeper grade are necessary, written approval must be obtained from County prior to their construction. Any roads built at the expense of Lessee in its operations shall not be removed or destroyed and shall become a part of the road system of the Park, unless directed by County.

9.2 Lessee recognizes that all roads and trails owned or maintained by County, which are used in the execution of this Lease, were constructed and improved for the use of County and for the general public in making use of Park Land. Lessee, therefore, agrees that its operations will never be conducted in such a manner as to prevent, hinder, or obstruct the customary use of such roads and trails by County or by the public. County may require Lessee to temporarily discontinue the use of said roads whenever, in its opinion, such action is necessary to prevent their serious damage.

9.3 Upon termination of this Lease, Lessee shall repair said roads and trails and leave them in as good condition as at the beginning of this Lease of which condition County shall be the sole judge. In addition, Lessee shall make any repairs to said roads and trails deemed necessary by County to insure adequate and proper drainage, road surface conditions, horizontal alignment, and cross slope.

9.4 Lessee in its operations is hereby granted the right to use all Park Land roads on the leased premises provided that Lessee agrees to repair any damage to all Park roads when such damage is caused by Lessee's operations; provided, however, if in the opinion of County, the roads or portions thereof are used by other sufficiently to warrant the apportionment of the maintenance costs, then Lessee may be relieved of the burden of sole maintenance and be required to provide only Lessee's proportionate share as decided by County.

9.5 Lessee recognizes the rights and privileges afforded to Grantees by rights-of-way and other agreements executed with County, prior to this Lease, which cross or otherwise lie within the area of this Lease, and therefore, agrees to relocate at Lessee's own expense all portions adversely

affected by work incident to this Lease in accordance with the then current rules and orders of the Public Utility Commission of the Commonwealth of Pennsylvania. In the event, the Public Utility Commission does not have any jurisdiction, any necessary relocation shall be completed subject to the approval of Grantor.

BUILDINGS

10.1 Lessee shall consult with County Representative and obtain written approval prior to the construction and erection of any storage facilities, buildings, work sheds or any other physical structure upon Park Lands, within the leased premises.

APPEARANCE

11.1 Lessee shall at all times maintain Park Lands in a neat and presentable manner, removing all rubbish and debris as it accumulates and restoring each individual area to as near as possible its original condition within 30 days of the date its use is abandoned.

EXPLOSIVES

12.1 Lessee shall not use explosives unless permission is granted by County.

RECLAMATION AND REVEGETATION

13.1 Upon completion of drilling, or any other operation, the surface of the site shall be restored to as near as possible to the original contour of the surface. If terraces or benches are present upon completion of operations or if restoration of the drill site, or any other site, is enhanced by such terraces or benches, the terraces or benches upon approval of County may be left standing.

13.2 Upon completion of drilling, Lessee shall revegetate all disturbed or cleared areas. Such revegetation is to be done according to a planting plan approved by County.

If area is planted in grasses, or shrubs, or trees and grasses, Lessee shall guarantee an establishment of seventy-five percent (75%) survival of said grasses or shrubs one (1) year after date of planting. If such growth has not resulted, Lessee shall replant such areas. County shall be the sole

judge in determining if replanting is required and shall notify Lessee in writing of areas to be revegetated.

13.3 Restoration and revegetation plans of Lessee must be approved in advance of any operations by County or its representatives.

PIPELINES

14.1 Lessee shall refill to contour all ditches or other excavations caused by the construction, operation, maintenance or removal of pipelines; construct cross ditches; lime, fertilize and seed or replant the right-of-way; keep the pipeline and right-of-way in good repair and appearance, and take such measures as may be deemed necessary by Commission to control erosion and sedimentation and to maintain or restore the natural and aesthetic values as directed by County.

WATER WELLS

15.1 County must approve, in writing, any plan by Lessee, including drilling specifications, for the drilling and development of water wells on Park Lands.

15.2 County reserves the right to use water from wells drilled by Lessee on Park Land provided such use does not interfere with Lessee's operations.

15.3 Lessee shall contact County before plugging any water well. County may acquire, at no cost, water wells not in use by Lessee thereby releasing Lessee of plugging obligations.