



Jelliff Auction & Realty



1,176+/- CONTIGUOUS NET MINERAL ACRES

(consisting of numerous tax parcels) OFFERED IN IT'S ENTIRETY IN ONE LOT

RICHLAND TWP., CLARION COUNTY, PA

Presented by: UNITED COUNTRY – JELLIFF AUCTION & REALTY in conjunction with HICKMAN GEOLOGICAL CONSULTING, LLC & MINERALMARKETING.COM

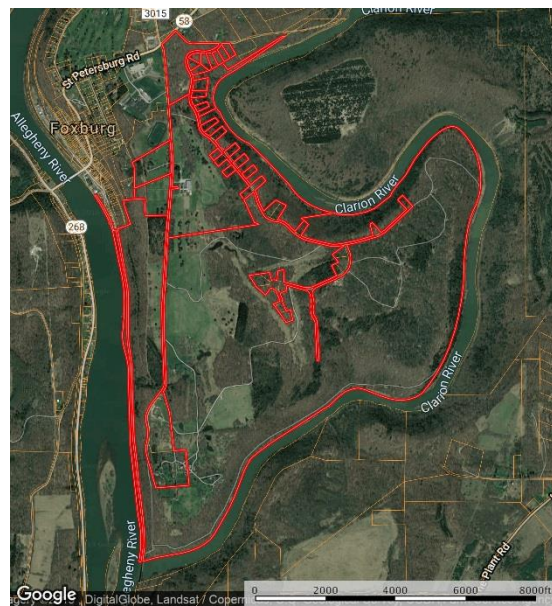
DESCRIPTION

**1,176.1318 NET MINERAL
ACRES (NMA) OF RIGHTS**

**NO DEDUCTIONS
NET 15% RI**

**Seller is 100% Owner of Mineral Rights – NO
LIENS! LEASED by LAUREL MOUNTIAN ENERGY,
LLC**

Paid in Development with multiple laterals under
property planned. Mid-stream infrastructure for
immediate production.



(map is an approximation of property boundary lines)

UC-JAR, HGC, & MMC HOLD
EXCLUSIVE RIGHTS TO MARKET
THE PROPERTY

OFFER SOLICITATION BEGINS ON 9AM
EST APRIL 24, 2019 AT & CLOSES AT
5PM EST JUNE 19. 2019

SELLER AGREES TO ACCEPT HIGHEST OFFER
OFFER MINIMUM: \$3,000/NMA
BUY NOW PRICE: \$5,000/NMA

TO MAKE AN OFFER:

COMPLETE FORM ON SECOND
PAGE OF PACKAGE AND RETURN
A SIGNED COPY TO:

RANDY@JELLIFFAUCTIONS.COM
AND
JOSH@HICKMANGEOLOGICAL.COM

QUESTIONS?
570-835-4214 OR 724-514-7022



Jelliff Auction & Realty



1,176+/- CONTIGUOUS NET MINERAL ACRES

RICHLAND TWP., CLARION COUNTY, PA

Presented by: UNITED COUNTRY – JELLIFF AUCTION & REALTY in conjunction with
HICKMAN GEOLOGICAL CONSULTING, LLC & MINERALMARKETING.COM

OFFER SUBMITTAL AGREEMENT

COMPANY NAME: _____

CONTACT NAME: _____

CONTACT PHONE: _____

OFFER AMOUNT/AC: _____

Offers may be resubmitted until the close of the solicitation period. Companies may ask if they are the high offer after submitting an offer. Offers & Re-offers must be submitted electronically using this form.

Open offer solicitation is between 9:00 am EST April 24, 2019 & 5:00 pm EST June 19, 2019

During this open offer solicitation time, the first offer to reach \$5,000/AC will be considered the "Buy Now" offer and the sale will end if that company demonstrated sufficiently the ability to close on the acquisition. If they are unable to close, then the process will continue to the close of solicitation and the highest offer will be awarded the rights to close on the mineral rights.

High offer agrees to enter into Mineral Purchase Agreement with the Seller at stated offer amount within 5 (five) business days of being notified.

High offer company agrees to limit due diligence period to 60 calendar days from signing of Mineral Purchase Agreement.

High offer or Buy Now offer agrees to pay United Country – Jelliff Auction & Realty a Buyer's Premium of 10% of the sales price (Offer x Net Mineral Acreage x 10%) at closing.

SIGNATURE: _____ DATE: _____



Jelliff Auction
& Realty



1,176+/- CONTIGUOUS NET MINERAL ACRES

PARCEL LIST

26-011-002	26-011-050
26-011-003	26-01.1-042
26-011-003-001	26-01.1-048
26-011-003-002	26-01.1-055
26-011-001	26-01.1-057
26-010-143	26-01.1-068
26-010-142	26-01.1-046
26-010-141	26-01.1-008
26-01.1-004	26-01.1-013
26-01.1-053	26-01.1-009
26-01.1-010	26-011-059
26-01.1-018	26-011-033
26-01.1-031	26-011-020
26-01.1-036	26-011-012
26-01.1-037	26-011-060
26-01.1-038	26-011-008
26-01.1-039	26-011-009
26-01.1-040	26-011-013
26-01.1-041	26-011-005
26-01.1-042	26-011-029
26-01.1-043	26-011-063
26-01.1-044	26-011-058



1,176+/- CONTIGUOUS NET MINERAL ACRES

ADJACENT EDGEMARC RESULTS (TIME ZERO MONTHLY STATE DATA)

		1	2	3	4	5	6	7	
NATURAL GAS	API	Well Name							
	019-22076	Cratty 1MH	302,082	239,800	216,091	182,138	167,959		
	019-22172	Cratty 7BH	285,945	215,487	190,560	159,357	142,630		
	019-22709	Canis Major 3MH	30,632	147,924	154,549				
	019-22712	Canis Major 5MH	30,655	158,875	172,973				
	019-22706	Canis Major 1MH	38,593	129,142	136,715				
	019-22711	Canis Major 7MH	29,663	159,199	186,070				
	019-22665	Sculptor 1MH	40,456	124,305	3,351	111,489	95,557	68,544	19,619
	019-22674	Sculptor 10MH	33,593	80,229	24,304	70,487	53,185	35,471	
	019-22674	Sculptor 9MH	44,471	121,328	44,658	124,512	86,805	33,335	21,556
	019-22667	Sculptor 4MH	30,717	106,559		50,602	10,108	39,082	25,198
	019-22669	Sculptor 3MH	46,317	131,846	26,496	13,075	23,080	46,040	30,012
	019-22672	Sculptor 8MH	23,998	88,882	24,876	72,996		14,686	14,929
	019-22666	Sculptor 2MH	35,002	114,766		93,909	71,663	69,814	26,987
	019-22668	Sculptor 5MH	49,737	114,232	33,067	131,017	15,898	41,093	22,947
	019-22671	Sculptor 6MH	25,866	113,830	24,127	97,529		14,049	
	CONDENSATE	API	Well Name						
		019-22076	Cratty 1MH	2,870	2,019	1,367	1,185	523	
		019-22172	Cratty 7BH	1,612	789	627	457	1,315	
019-22709		Canis Major 3MH	701	2,156	14,953				
019-22712		Canis Major 5MH	626	2,198	13,389				
019-22706		Canis Major 1MH	826	2,058	11,053				
019-22711		Canis Major 7MH	561	2,558	14,750				
019-22665		Sculptor 1MH	765	1,660	140	1,520	1,641	621	1,108
019-22674		Sculptor 10MH	296	261	249	228	263	2,015	
019-22674		Sculptor 9MH	778	1,514	850	1,278	1,200	356	1,239
019-22667		Sculptor 4MH	460	471		304	31	1,557	2,612
019-22669		Sculptor 3MH	822	1,806	718	1,659	180	295	1,496
019-22672		Sculptor 8MH	318	376	182	235		1,037	2,139
019-22666		Sculptor 2MH	486	640		680	474	736	1,172
019-22668		Sculptor 5MH	1,006	1,293	542	1,258	371	193	2,015
019-22671		Sculptor 6MH	354	492	168	372		861	

OIL AND GAS LEASE
PAID-UP LEASE

THIS OIL AND GAS LEASE (the "Lease") made and entered into this 29th day of August, 2017 ("Effective Date"), by and between Name: Arthur D. Steffe and Patricia A. Steffe, husband & wife ("LESSOR") Address: P. O. Box 349, Foxburg, PA 16036, and Laurel Mountain Energy, LLC, 61 McMurray Road, Suite 300, Pittsburgh, Pennsylvania 15241 (LESSEE").

1. **GRANTING CLAUSE:** In consideration of \$10.00 and other valuable consideration paid by LESSEE, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements contained in this Lease, LESSOR hereby grants, leases and lets exclusively to LESSEE, its successors and assigns, all oil, gas and other hydrocarbons (collectively, "Oil and Gas"), in, on or underlying the Leased Premises (defined in Section 2 below), together with the rights to explore the Leased Premises for Oil and Gas by geophysical, geological, seismic, and other methods, including core drilling; drill (either vertically, horizontally, or directionally), operate for, develop, produce by any means, measure, remove, maintain, treat, vent, dewater, cease to operate, plug, abandon, remove well, transport and market Oil and Gas; stimulate all strata or formations using any and all methods and technology available at the time of stimulation; conduct surveys (including, but not limited to, civil, cultural, environmental, geophysical and seismic surveys); perpetual easements to transport by pipelines (with appurtenant facilities) or otherwise across and through the Leased Premises Oil and Gas from the Leased Premises and from any other lands, whether or not unitized or pooled with the Leased Premises for so long as the transportation of such production may be desired by LESSEE; place tanks, equipment, electric power lines, telephone lines, water lines, impoundments and ponds, compression, treatment and collection facilities, use or install roads and other structures for the production of Oil and Gas from the Lease Premises and from other lands, whether or not unitized or pooled with the Leased Premises, together with the right to enter into and upon the Leased Premises, or upon lands unitized or pooled therewith, at all times for the foregoing purposes, and conduct secondary or tertiary recovery operations by injecting gas, water and other fluids or air into the subsurface strata underlying the Leased Premises and from neighboring lands across the Leased Premises, and such rights shall survive the term of this agreement for so long thereafter as operations are continued, to use oil, gas, and non-domestic water sources, free of cost, to store gas of any kind underground, regardless of the source thereof including the injection of gas therein and removing same therefrom, to protect stored gas, to operate, maintain, repair, store, and remove material and equipment. No roads from adjacent non-unitized or pooled properties shall be constructed on the Leased Premises without LESSOR's prior written consent and approval of the location, which consent is not to be unreasonably withheld, delayed or conditioned. Any equipment and pipelines from wells not located on the Leased Premises or on lands unitized or pooled therewith shall be consented to by LESSOR in writing, which consent is not to be unreasonably withheld, delayed or conditioned.

2. **DESCRIPTION:** All that certain tract of land situated in the Township of Richland, County of Clarion, Commonwealth of Pennsylvania, generally bounded now or formerly as follows:

<u>On the North by</u>	<u>26-011-002-000-00</u>
<u>On the East by</u>	<u>26-011-002-000-00</u>
<u>On the South by</u>	<u>26-011-002-000-00</u>
<u>On the West by</u>	<u>26-011-002-000-00, Green Gate Road</u>

and for reference purposes only, being County Tax Parcel No. 26-011-050-000-00, being the same tracts of land acquired by Lessor by virtue of a document recorded in the office of the Recorder of Deeds in said county in Pennsylvania, Deed Book/Page No.'s; 207/148 and stipulated to contain, for the purpose of calculating payments, One 00/100 (1.00) acres, more or less, and hereinafter called "Leased Premises". This lease includes all accreted or submerged lands contiguous to the Leased Premises claimed or owned by Lessor.

3. (A) **TERM OF LEASE:** This Lease shall continue in force and the rights granted to LESSEE shall be quietly enjoyed by LESSEE for a term beginning on the Effective Date and ending at the end of the sixth year of the Effective Date, (the "Primary Term"), and as long thereafter as (i) operations are conducted on the Leased Premises, or from lands unitized or pooled therewith with no cessation for more than 180 consecutive days, or (ii) well(s) producing Oil and Gas or well(s) capable of producing Oil and Gas, in the sole judgment of LESSEE, are located on the Leased Premises or upon lands unitized or pooled therewith, or (iii) the Leased Premises shall be operated by LESSEE or as otherwise maintained in full force and effect pursuant to the other provisions in this Lease. For purposes of this Lease, the word "operations" means the following: (a) making applications for any necessary permits required for operating, (b) grading or preparation of a drill site and (c) the actual commencement of operations, as the case may be, of any well upon the Leased Premises or lands unitized or pooled therewith.

(B) **EXTENSION OF LEASE:** Prior to the expiration of the Primary Term of this Lease, LESSEE shall have the option to extend all or any portion of this Lease for an additional term of four years, which will serve to extend the Primary Term of this Lease to a total of 10 years, until the end of the tenth year of the Effective Date. LESSEE shall exercise such option by tendering to LESSOR a payment in an amount equal to \$250.00 per acre, per year, paid to LESSOR on the Lease Bonus Payment Date. LESSOR further grants LESSEE the exclusive option and right to extend this Lease for all other provisions, under the same terms and conditions contained herein. Such option may be exercised by LESSEE at any time prior to the end of the original six year Primary Term by notifying LESSOR in writing that

INITIALS

ADS, PLS

LESSEE is exercising its right to extend this Lease and contemporaneous with said notice LESSEE shall pay or tender to LESSOR the consideration set forth above. LESSOR agrees to allow LESSEE to file of record, a notice of LESSEE's exercise of the option to extend the Primary Term of this Lease.

(C) **PAYMENTS:** LESSEE's failure to timely pay the amounts required by this Section will not cause or result in a termination of this Lease unless LESSEE fails to tender such payment to LESSOR within 30 days after the date such payment was otherwise required to be made by LESSEE.

4. **PAID-UP LEASE:** This Lease is a Paid-Up Lease and shall not require the payment of any annual delay rentals to maintain the Lease in full force and effect during the Primary Term. This Lease shall not terminate for any default unless LESSOR first gives LESSEE written notice of such default by certified mail, return receipt requested, and LESSEE, if in default, fails within 60 days of receipt of such default notice to make curative payment to LESSOR or, if not capable of being cured by payment, commence to attempt to cure the default.

5. **ROYALTY PAYMENTS:** LESSEE covenants and agrees:

(A) For oil, gas and other hydrocarbons, to pay LESSOR 15% of the net amount paid to Lessee for all oil and gas produced, saved and sold from the Leased Premises. Payment of royalty for oil and gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(B) Any royalty payments made by LESSEE to LESSOR on any Oil and Gas produced from the Leased Premises and when sold by LESSEE shall be based on the net amount realized by LESSEE. There shall be no deductions from the royalty payments in Subsection (A) above for any costs of production, including exploring or surveying the Leased Premises for Oil and Gas, or installing, drilling, completing, equipping and producing a well. However, such royalty payments shall be less LESSOR's pro-rata share (based on royalty percentage) of post-production costs. Post-production costs include, without limitation, (i) all costs actually incurred by LESSEE and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale by LESSEE; (ii) all costs of gathering, marketing, compression, dehydration, transportation, processing and removal of liquid hydrocarbons, and other liquids or gaseous substances or impurities from the production and any taxes; and (iii) any other treatment and processing required by the purchaser or to otherwise market and sell gas, oil or any other hydrocarbons or substances produced with oil or gas. LESSEE also may deduct from royalty payments LESSOR's prorata share of any tax imposed by any government body that is levied upon the value of production or the severance of Oil and Gas from the Leased Premises.

6. **ADDRESS FOR PAYMENTS:** All money due under this Lease shall be paid or tendered to LESSOR at the address shown above or to the credit of LESSOR through LESSOR's agent as follows: Same, and such agent shall continue as LESSOR's agent to receive any and all sums payable under this Lease regardless of changes in ownership in the Leased Premises, or in the Oil and Gas or in the royalties payable under this Lease until delivery to LESSEE of notice of change of ownership. No change of ownership in the Leased Premises or in the royalties payable under this Lease shall be binding on LESSEE until 60 days after a written notice is delivered to LESSEE, duly signed by the parties including a certified copy of the instruments of conveyance or assignment to such new owner, which have been properly filed of record and deemed satisfactory to LESSEE.

7. **CESSATION OF OPERATIONS OR PRODUCTION/CONTINUOUS OPERATIONS:** If, after the expiration of the Primary Term of this Lease and after Oil and Gas is produced from the Leased Premises or upon lands unitized or pooled therewith, the production thereof should cease from any cause, this Lease shall not terminate if LESSEE commences operations for drilling or reworking within 180 days after the cessation of such production, and shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days.

8. **DELAY IN MARKETING:** If LESSEE drills a well on the Leased Premises or on land pooled with the Leased Premises that has yet to be or has been completed and the LESSEE in its sole discretion deems to be capable of production, but does not market gas or oil from such well and there is no other basis for extending this Lease, LESSEE will pay after the Primary Term and until such time as production is established or LESSEE surrenders the Lease a delay in marketing payment equal to the sum of \$5.00 per net acre per annum and the Lease will remain in full force and effect to the same extent as payment of a royalty.

9. **SHUT-IN PROVISION:** If, at the end of the Primary Term or at any time or times thereafter, there are one or more wells on the Leased Premises or on lands pooled with the Leased Premises capable of producing oil or gas in LESSEE's sole opinion, and all such wells are shut-in because of (i) lack of market or market facilities (including pipelines) or available transportation on existing pipelines; (ii) the necessity to construct or repair facilities including pipeline, gas processing or treating facilities or compressors, including such facilities which may be situated on lands other than the Leased Premises; (iii) the necessity to construct, maintain, repair or replace a pipeline(s) carrying oil or gas produced from the Leased Premises or lands pooled therewith; (iv) as a result of events of force majeure beyond reasonable control of LESSEE; or (v) under any other such similar circumstances, this Lease shall continue in force as though operations were being conducted on the Leased Premises or Oil and Gas were produced therefrom for so long as said wells are shut-in, and thereafter this Lease shall continue in force as if no shut-in had occurred, provided the shut-in payment set forth is tendered by LESSEE. If, at any time or times after the expiration of the Primary Term, all such wells

INITIALS:

LES *LESS*

are shut-in for a period of 180 consecutive days or more, and there are no other operations on said land, then not later than 10 days after the expiration of the 180-day period of shut-in, LESSEE shall tender by check or wire, as a shut-in royalty payment the sum of \$5.00 per net acre per annum comprising the Leased Premises for so long as all such wells are shut-in. LESSEE shall make like payments or tenders at or before the end of each annual anniversary of the shut-in of the wells if upon such anniversary this Lease is being continued in force solely by the provisions of this Section. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this Lease if the wells were producing. If there is more than one well on the Leased Premises or on land pooled with the Leased Premises and one or more of the wells is producing oil or gas in LESSEE's sole opinion, no shut-in payment is owed to LESSOR under this Section 9.

10. **POOLING AND UNITIZATION:** LESSOR grants to LESSEE the right at any time and/or from time to time as deemed necessary or advisable by LESSEE, to pool, unitize, or consolidate the Leased Premises or any part thereof or strata under the Leased Premises with other lands, whether owned by or leased to LESSEE or owned by or leased to others, to form an oil or gas pooled unit for the purpose of drilling and producing a well or wells thereon. Units for wells may not exceed a total of 1,280 acres each in area, unless any governmental entity having jurisdiction prescribes or permits the creation of units larger than those specified, for the drilling or operation of a well to be drilled, drilling or already drilled in which case the unit may be as large as permitted. LESSEE may pool or consolidate acreage covered by this Lease or any portion thereof in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the Lease is pooled or consolidated as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling or consolidation in one or more instances shall not exhaust the rights of LESSEE to pool this Lease or portions thereof into other units. LESSEE shall effect such pooling or consolidation by executing a designation of unit either before or after the drilling of a unit well, with the same formality as this Lease setting forth the leases or portions thereof consolidated, and recording the same in the Recorder's Office at the courthouse in the county in which the Leased Premises is located. LESSEE may, at its election, exercise its pooling rights before or after commencing operations for or completing an oil or gas well on the Leased Premises, and the pooled unit may include, but is not required to include, land or leases upon which a well capable of producing Oil and Gas in paying quantities has been completed or upon which operations for the drilling of a well for Oil and Gas has been commenced. In the event of operations for drilling on or production of Oil and Gas from any part of a pooled unit which includes all or a portion of the Leased Premises regardless of whether such operations were commenced before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations under this Lease whether or not the well or wells are located on the surface of the Leased Premises and, in such event, operations shall be deemed to have been commenced within the meaning of Section 3 of this Lease; and the entire acreage constituting such unit or units, as to Oil and Gas, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this Lease. Any well drilled in said pooled unit whether or not located on the Leased Premises, shall nevertheless be deemed to be located upon Leased Premises within the meaning and for the provisions and covenants of this Lease to the same effect as if all the lands comprising said unit were described in and subject to this Lease and LESSOR agrees to accept, in lieu of the royalty provided in Section 5 of this Lease, that proportion of such royalty which the acreage covered by this Lease and included in such units bears to the total number of acres comprising said pooled unit. If the well in said pooled unit shall be shut in, the shut in royalty provided for in Section 9 shall be payable to LESSOR in the proportion that the acreage of the Leased Premises included in the unit bears to the entire acreage so pooled or consolidated. LESSEE shall have the right to amend, alter, correct, enlarge or diminish the size of any such pooled unit at any time, and from time to time, in the same manner as provided in this Lease.

11. **PROPORTIONATE REDUCTION:** In the event LESSOR owns a lesser interest in the Oil and Gas in the Leased Premises, or any part thereof than the entire and undivided fee simple, then the royalties, shut-in royalty payment and/or all other payments provided for shall be paid to LESSOR only in the proportion which such interest bears to the whole and undivided fee simple estate therein. If the Leased Premises is owned by two or more parties, or the ownership of any interest is transferred by sale, devise or operation of law, the Leased Premises, nevertheless, may be held, developed and operated as an entirety, and the royalties and shut-in royalties provided for in this Lease shall be divided among and paid to such several owners in the proportion that the interest owned by each such owner bears to the entire Leased Premises.

12. **CURATIVE DOCUMENTS:** In the event any of the lands identified on this lease are determined to be inaccurately described or in the event it is determined LESSOR's ownership of said lands is owned in another capacity, other than described on this lease, LESSOR hereby covenants and agrees with LESSEE to execute and deliver such other documents necessary to amend and ratify this lease or take such further actions as LESSEE may reasonably request, to carry out the intent of, and give effect to this Oil & Gas Lease.

13. **LESSOR FURTHER GRANTS:** To LESSEE, the right to reprint and/or retype this lease, or record instruments of correction of this lease, for the sole and only purpose of: 1) more accurately describing the intended property to be leased under the terms of this lease, and 2) reflecting LESSOR's name in this lease in much the same manner as same appears in LESSOR's instrument of ownership, or county tax record identification. LESSEE agrees that any reprinting, retyping, or instruments of correction of this lease shall not change any material part of this lease. LESSOR agrees that the above said changes can be made to this lease, and that the reprinted, retyped, and/or instruments of correction of this lease can be placed of record without the prior written approval of LESSOR. LESSEE agrees to furnish LESSOR with a copy of the reprint, retyped, and/or instruments of correction of this lease.

INITIALS:

14. **ASSIGNMENT RIGHTS/PAYOFF LIENS:** LESSEE shall have the right to assign and transfer this Lease in whole or in part, including by area and/or by depth or strata, at any time and LESSOR waives notice of any assignment or transfer of this Lease. LESSOR agrees that when and if this Lease is assigned, the assigning LESSEE shall have no further obligations to LESSOR except for those accruing prior to the date of the assignment. LESSOR further grants to the LESSEE, for the protection of LESSEE's interest hereunder, the right to pay and satisfy or reduce, upon foreclosure, any judgment claim, lien or mortgage against LESSOR's interest in the Leased Premises capable of divesting LESSEE's rights or interests under this Lease and, upon any such payment, to become subrogated to the rights of such claimant, lien holder or mortgagor, with the right to deduct amounts so paid from all royalties or other payments payable or which may become payable to LESSOR and/or LESSOR's assigns under this Lease.

15. **SURFACE OPERATIONS:**

(A) LESSEE shall repair and restore the surface of the Leased Premises, as a direct result of Lessee's operations, to as close as reasonably practical and possible to the condition in which the Leased Premises existed at the time of the commencement of drilling operations and such restoration and reclamation shall be commenced within one year after the conclusion of completion of operations on any well drilled on the Leased Premises, weather permitting. When required by LESSOR, LESSEE will bury all pipelines below ordinary plow depth or a minimum of 36" below surface depth (unless subsurface conditions prevent such pipeline from being buried at such depth), and no well shall be drilled within 200 feet of any residence, barn or water well now on the Leased Premises without LESSOR's prior consent.

(B) LESSEE agrees to fence all facilities constructed on the Leased Premises and to keep all such fences locked. LESSEE agrees to provide LESSOR with the name and telephone number of a contact person who has the capability of unlocking all fences surrounding facilities on the Leased Premises.

16. **RIGHTS-OF-WAY AND EASEMENTS:**

(A) LESSOR hereby grants and conveys unto LESSEE, its successors and assigns, permanent rights-of-way and easements over, across and through the Leased Premises for the purpose of installation, operation, maintenance, repair and replacement of one or more electric lines, and as well as one or more pipelines for the collection of, gathering, and/or transmission of oil, gas and other hydrocarbons, brines, water and other substances, or facilities, together with rights-of-way for ingress, egress and passage over and across the Leased Premises for the purpose of conducting oil and gas exploration, production, operation, and product transmission activities upon said lands, or upon lands adjacent thereto or in the vicinity thereof. The rights-of-way hereby granted are severable from, and independent of, the oil and gas lease rights herein granted and such rights-of-way or easements shall continue in existence so long as the same are deemed necessary, in the sole discretion of the LESSEE, its successors or assigns, even though the oil and gas lease rights may sooner terminate.

(B) For all pipelines installed on the Leased Premises for the purpose of transporting oil, gas and other hydrocarbons, brines, water and other substances not produced from the Leased Premises or lands pooled or unitized with the Leased Premises, LESSEE agrees to pay LESSOR \$20.00 per linear foot. LESSOR grants to LESSEE a 50 foot width for final Pipeline Right-Of-Way. LESSOR grants to LESSEE an additional construction easement of 40' and at locations such as roads, stream crossings or specific areas which require more difficult procedures, LESSEE shall have such additional space as reasonably necessary or convenient during construction of the pipeline.

(C) LESSEE shall not construct access roads on the Leased Premises that are greater than 25' wide unless otherwise approved by LESSOR in writing. However, LESSEE may use an additional area around the road as needed for stream crossings, turning radius, and road bores. During construction, LESSOR grants to LESSEE an additional construction easement of 50' on each side on the road to be constructed. The location of any roads constructed on the Leased Premises shall be consented to by LESSOR, which consent is not to be unreasonably withheld, conditioned or delayed. LESSEE agrees to construct gates for all access roads located on the Leased Premises and to keep all such gates locked when not in use. LESSEE agrees to give LESSOR a key to all locked gates for access roads located on the Leased Premises. LESSEE shall pay LESSOR \$5.00 per linear foot for any permanent road constructed on the Leased Premises, not specifically used for the benefit of LESSOR'S Lease or well unit(s), for ordinary wear and tear caused to the Leased Premises by LESSEE'S activities and operations in full and complete compensation for all damages to the Leased Premises.

(D) LESSOR agrees to cooperate with LESSEE in obtaining any permits, licenses, permissions or approvals, including but not limited to highway access permits, driveway permits and zoning and land use permits (hereinafter "Permits"), which LESSEE deems necessary or convenient to conduct, certify, confirm, evidence, facilitate or effectuate the purpose. LESSEE agrees to join in the application for any such Permits if LESSOR's signature is required in the application process.

17. **LESSOR RESTRICTIONS:** LESSOR agrees not to construct or place any dwellings or structures of any kind within 100 feet of a well tank battery or other related facility or appurtenance, or on the pipeline easement.

18. **WATER TESTING:** LESSEE shall have LESSOR's current water supply sampled and tested prior to drilling the vertical portion (wellhead) of any well within 2,500 feet of LESSOR's primary water source on the Leased Premises. Should LESSOR experience a material adverse change in the quality of LESSOR's water supply, during or immediately after the completion of LESSEE's drilling operations, within 48 hours of LESSOR's written request, LESSEE shall,

INITIALS

ADS, MSA

sample and test LESSOR's water supply at LESSEE's expense. Should such test reflect a material adverse change as a direct result of LESSEE's drilling operations within 2,500 feet of Lessor's water source on the Leased Premises, LESSEE agrees to provide LESSOR, at LESSEE's sole cost, with potable water until such time as LESSOR's water source has been repaired or replaced, at LESSEE's sole cost, with a source of substantially similar quality.

19. **LESSEE'S RIGHTS:** LESSEE shall have the right to use oil, gas, water, and/or minerals for operating on the Leased Premises or lands pooled therewith and the right at any time during or after the expiration of this Lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the Leased Premises. LESSEE shall have the right to release this Lease or any portion thereof at any time by giving written notice to LESSOR describing the portion which it elects to surrender as to area or depth or formation, or by returning the Lease to LESSOR with the endorsement of surrender thereof, or by recording the release or partial release of this Lease, any of which shall be a full and legal surrender of this Lease as to all of the Leased Premises or such portion thereof as the release shall indicate, and any payments due under this Lease based on net acres shall be reduced in proportion to the acreage surrendered. As to any portion of the Lease or Leased Premises so surrendered, LESSEE shall have reasonable and convenient easements for any existing wells, pipelines, roadways and other facilities on the lands surrendered. LESSOR expressly acknowledges and agrees that there shall be no further covenant to develop the Leased Premises.

20. **EXISTING WELLS EXCEPTED:** LESSOR excepts and reserves from this Lease any and all existing well(s) that may be situated on the Leased Premises. LESSEE shall not be responsible for any liabilities, including environmental or plugging obligations associated with said well(s).

21. **FORCE MAJEURE:** In the event LESSEE is unable to perform any of the acts of LESSEE by reason of force majeure, including but not limited to acts of God, adverse weather conditions, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, the issuance of permits to drill or other governmental orders or moratoriums related to drilling operations, or the inability to obtain a satisfactory market or pipelines or transportation for the sale of production, or the failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within LESSEE's control, this Lease shall remain in full force and effect until LESSEE can reasonably perform said act or acts or to remove the restriction causing the delay and in no event shall this Lease expire for a period of one year after the termination or elimination of such force majeure event.

22. **TOLLING DURING DISPUTE:** LESSOR and LESSEE agree that it is in their mutual interest not to require LESSEE to engage in operations during any period of time during which the validity of the Lease is challenged, contested, or disputed. If any arbitration or judicial proceeding is commenced in which the validity of the Lease is disputed, or if LESSOR takes any action that prevents LESSEE from conducting operations under this Lease or otherwise enjoying the benefits of or complying with the terms of the Lease, then the Primary Term (if still in effect) and/or LESSEE's obligation to conduct operations on the Leased Premises or on lands unitized or pooled therewith, in order for the Lease to continue beyond the Primary Term (if the Primary Term has lapsed), shall be tolled and extended during the pendency of the dispute or judicial proceeding - from its commencement through the resolution of the dispute or, in the case of a judicial proceeding, entry of a final, non-appealable judgment - plus an additional one year from the resolution of the dispute or entry of the final, non-appealable judgment.

23. **INDEMNIFICATION:** LESSEE agrees to indemnify, protect, save harmless and defend LESSOR from and against any loss, claim or expense, including without limitation claims of injury or death to persons or damage to property occurring as a direct result of LESSEE's use of the Leased Premises, except to the extent any such damage or injury is caused in whole or in part by LESSOR's negligence, gross negligence or intentional acts.

24. **NOTICE:** In the event of any default or alleged default by LESSEE in the performance of any of its obligations under this Lease, LESSOR shall notify LESSEE in writing setting out specifically in what respects LESSEE has breached this Lease. LESSEE shall then have 60 days after receipt of said notice within which to dispute such alleged default or to meet or commence to meet all or any part of the default alleged by LESSOR. The service of said notice shall be precedent to the bringing of any actions by LESSOR arising out of or related to this Lease for any cause, and no such action shall be brought until the lapse of 60 days after service of such notice on LESSEE. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform any or all of its obligations under this Lease. All notices to LESSEE provided for in this Lease shall be sent by certified mail return receipt requested to LESSEE at LESSEE's address set forth at the beginning of this Lease.

25. **ARBITRATION:** In the event any disagreement cannot be remedied between the parties, then any settlement shall be determined by a panel of three disinterested arbitrators. The arbitration process shall be initiated by one party sending written notice of arbitration to the other party. Within ten (10) days after receipt of an arbitration notice, Lessor & Lessee shall appoint and be responsible to pay the fee of one arbitrator each, and the two so appointed shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The arbitrators shall determine the procedure to be used for arbitration & shall render their decision within thirty (30) days after appointment of the third arbitrator. The award shall be by unanimous decision of the arbitrators and shall be final. If either party fails to timely appoint its arbitrator or if the two arbitrators appointed fail to appoint a third arbitrator within ten (10) days after their appointment, then either party may make application to any court having jurisdiction over the Leased Premises for the appointment of the last arbitrator.

26. **PREFERENTIAL RIGHT TO LEASE:** In the event LESSOR, during the term of this Lease, receives a bona-fide offer which LESSOR is willing to accept from any party offering to pay LESSOR, within one year of the expiration

INITIALS



date of the primary term or any extension of this lease, for an oil and gas lease, oil and gas option, or similar agreement covering all or any portion of the Leased Premises, LESSOR agrees to notify LESSEE in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. LESSEE, for a period of 60 days after receipt of the notice by certified return receipt mail, shall have the price and preferred right and option to acquire from LESSOR a lease or other rights covering all or part of the Leased Premises at the price and according to the terms and conditions specified in the offer. If LESSEE does not respond within said 60 day notice period, it will be deemed that LESSEE waives its rights with regard to such offer.

27. **PRIOR LEASE PROVISION:** LESSOR warrants that LESSOR is currently receiving production royalties from a Vista Resources, Inc. lease, covering the depths from the surface to 3,000 feet below the surface, for three shallow wells only, which Memorandum of Lease was recorded in the Recorder's Office of Clarion County, Pennsylvania in

Instrument No. 2012-0034291. Beyond said Lease, LESSOR is not currently receiving any bonus, delay rental, including storage payments or production royalty or shut-in royalties as the result of the existence of any prior oil and/or gas lease or storage lease covering any or all of the Leased Premises. LESSOR further warrants that there are no current surface operations being conducted upon the Leased Premises in preparation for the drilling of a well upon the Leased Premises and that may be construed as extending the terms of the above said oil and gas lease that covered all or part of the Leased Premises.

LESSOR'S INITIALS AFFIRMING ABOVE STATEMENT: _____

28. **SPECIAL WARRANTY:** LESSOR warrants title to the Leased Premises only as to all liens, claims, encumbrances and other defects arising during the time of its ownership of the Leased Premises, and not against any title defects that existed prior to such ownership. All covenants and conditions between the parties shall extend to their heirs, personal representatives, successors and assigns. It is mutually agreed that this Lease contains and expresses all of the agreements and understandings of the parties with regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this Lease or imposed upon the parties or either of them. LESSOR further agrees to sign such additional documents as may be reasonably requested by LESSEE to perfect LESSEE's title to the Oil and Gas leased herein.

29. **SEVERABILITY:** This Lease shall in all circumstances be construed against invalidation, termination, or forfeiture. Failure of payment of rental or royalty on any part of this Lease shall not void this Lease as to any other part. If any provision of this Lease shall be determined to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties expressly agree that in the event any provision of this Lease is determined to be invalid, illegal, and unenforceable or in conflict with the law of any jurisdiction, the provision shall be revised in such manner as to be valid, legal, and enforceable.

30. **COUNTERPARTS:** This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be constructed together and shall constitute one Lease. Should fewer than all of the named LESSORS execute this Lease, this Lease shall be binding on only those parties who are signatories.

31. **MEMORANDUM OF LEASE:** LESSEE reserves the right and option to file a Memorandum of Oil and Gas Lease in the County Recorder's Office which will in such event serve as constructive notice of the existence of this Lease.

32. **NO AUTOMATIC TERMINATION OR FORFEITURE:** This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving continuation to the Lease where the circumstances exist to maintain this Lease in effect under any of the alternative mechanism set forth in this Lease.

33. **LEASE ATTACHMENTS:** Exhibits A and B are attached to, and incorporated into, this Lease.

IN WITNESS WHEREOF, LESSORS have set their hands to this Lease. Signed and acknowledged in the presence of:

INITIALS

DRS - PAS

LESSOR(S)

LESSEE:

By: Arthur D. Steffee
Arthur D. Steffee
By: Patricia A. Steffee
Patricia A. Steffee

Laurel Mountain Energy, LLC

By: Rodney B. Stauffer
His: Vice President, Land

INDIVIDUAL ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ~~CLINTON~~ Venango

On this, the 29th day of August, 2017 before me, a Notary Public, the undersigned officer, personally appeared **Arthur D. Steffee and Patricia A. Steffee, husband & wife**, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Veronica A McWilliams
Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Veronica A McWilliams, Notary Public
City of Franklin, Venango County
My Commission Expires August 30, 2018

LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF

On this, the _____ day of _____, 2017, before me _____ the undersigned officer, personally appeared **Rodney B. Stauffer**, who acknowledged himself to be Vice President, Land of Laurel Mountain Energy, LLC, a Pennsylvania limited liability company and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as Vice President, Land.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

INITIALS: ARS PAS

ADDITIONAL ADDENDUMS – EXHIBIT A

The provisions of this Addendum shall control and supersede the in the event of any conflict or inconsistency with any provision(s) of the Lease.

34. **CROP DAMAGES:** Any and all damages to LESSOR'S crops or LESSOR'S tenant's crops, as the case may be, caused by LESSEE'S operations upon Leased Premises, shall be paid for by LESSEE based on current market value in the area for the type of cultivated crops being grown at the time of disturbance. Crop damages are to be paid to the LESSOR after an assessment is completed to determine the amount of those damages.

35. **TIMBER REMOVAL & DAMAGES:** In the event LESSEE determines it must remove any marketable timber from the Leased Premises in order to accommodate any of its surface operations thereon, it shall notify LESSOR at least 10 days prior to the time LESSEE wishes to commence the removal of that marketable timber. Any of the marketable timber that is planned to be removed will be properly flagged and marked by LESSEE by the time of notification in order to allow LESSOR to decide if it will want to have that timber removed on its own behalf or if it will allow LESSEE to proceed to have it removed. Should LESSOR choose not to have such marketable timber removed, LESSEE may proceed to remove the timber and LESSEE shall then pay LESSOR the market value of the marketable timber as determined by an independent timber appraiser. In that event, the marketable timber shall become the property of the LESSEE and removed from the Leased Premises or LESSOR may request LESSEE stack the marketable timber on the Leased Premises at a mutually agreeable location and in reasonable proximity to the construction site and permit area of disturbance and said marketable timber shall remain the property of LESSOR.

36. **LICENSE TO INSTALL NATURAL GAS DELIVERY METERS AND TAP SITE:** In addition to all other rights granted to LESSEE under this Lease, LESSOR hereby grants to LESSEE the right to install natural gas delivery meters and a tap site on the Leased Premises at a location approved by LESSOR for the delivery of natural gas from a pipeline crossing the Leased Premises capable of supplying natural gas to the structures and improvements located on the Leased Premises. LESSOR's approval of the location of the delivery meters and tap site may not be unreasonably withheld, conditioned or delayed. In consideration of the grant of the foregoing license, LESSEE agrees to pay to LESSOR the license fee set forth on Exhibit B to this Lease. The construction of any tap at the wellhead and installation of delivery meters and the delivery and sale of natural gas to LESSOR, will be governed by separate agreements between LESSOR and LESSEE.

In the event that the wells drilled on LESSOR'S property are not economic enough to justify the installation of a large pipeline then LESSEE and LESSOR will work together to prepare separate agreements for the construction of a tap at the wellhead and installation of delivery meters to deliver and sell the natural gas to LESSOR.

INITIALS



CONFIDENTIAL EXHIBIT B

Thank you for tendering the attached Oil and Gas Lease (the "Lease") to Laurel Mountain Energy, LLC ("Lessee"). Lessee pays an initial \$10.00 payment to each property owner as consideration for executing the Lease. After the Lease has been properly executed by each interest owner and Laurel Mountain Appalachia's representative completes a title review at the courthouse of the county in which your land is located, the Lease is submitted to Laurel Mountain Appalachia's management for approval.

The Lease is reviewed to ensure that the proper persons have appropriately executed the Lease, that the oil and gas rights are intact and owned by the Lessor(s), the land covered by the Lease remain desirable to Lessee, and determine the status of any other oil or gas leases that may be active on the Leased Premises (a certified title examination is usually completed by a title attorney prior to drilling). The title examiner then submits the results of the title review along with the Lease and a detailed map of the Leased Premises to Lessee for processing and approval.

The Lease is then further reviewed by a member of Lessee's Land Administration Department. The property is placed on Lessee's land maps and the Lease information is input into Lessee's computer system. Lessee's management then reviews the Lease terms and conditions and, if approved, its Accounting Department is instructed to make the appropriate Lease payments, as they come due.

Laurel Mountain Appalachia, LLC hereby agrees to pay the following oil and gas owner the amount set forth below, SUBJECT TO: 1) review and approval of title, and 2) Lessee's management approval.

\$1,500.00 PER NET ACRE (the "Lease Bonus"), TO BE ISSUED ON OR BEFORE 120 BANKING DAYS FROM THE EFFECTIVE DATE OF THIS LEASE; IN THE EVENT THAT LESSEE DOES NOT ACCEPT THIS LEASE BY THE 120TH BANKING DAY FROM EXECUTION BY LESSOR(S), THE LEASE IS NOT ACCEPTED AND SHALL NOT BE BINDING ON LESSEE OR LESSOR(S), AND LESSEE SHALL HAVE NO OBLIGATION TO PAY THE AFORESAID AMOUNT, AND THIS LEASE WILL BE NULL AND VOID AND RETURNED TO LESSOR AND LESSEE SHALL PROMPTLY RELEASE ANY MEMORANDUM OF LEASE FILED BY IT COVERING THE LEASE.

\$500.00 PER NET ACRE (the "License Fee") PROVIDED FOR UNDER SECTION 36 OF THE LEASE (ADDENDUM, EXHIBIT A), TO BE PAID CONCURRENTLY WITH, AND SUBJECT TO THE SAME TERMS AND CONDITIONS AS, THE LEASE BONUS PAYABLE ABOVE.

LEASE EXECUTION DATE: Aug. 29th, 2017

LEASE PAYMENT DATE ON OR BEFORE: _____, 201__ (120 banking days from the Lease Effective Date of the last LESSOR signing lease)

LANDMAN:

LESSOR(S):

By: Arthur D. Steffee
Arthur D. Steffee

By: Patricia A. Steffee
Patricia A. Steffee

INITIALS: ADS. PLS

MEMORANDUM OF OIL & GAS LEASE

THIS MEMORANDUM OF OIL & GAS LEASE ("Memorandum"), dated this 29th day of August, 2017, by and between, Arthur D. Steffee and Patricia A. Steffee, husband & wife, Address: F. O. Box 619, Foxburg, PA 16036, herein called Lessor, and Laurel Mountain Energy, LLC, 61 McMurray Road, Suite 300, Pittsburgh, PA 15241, hereinafter called Lessee, WITNESSETH:

1. For and in consideration of \$10.00 and other good and valuable consideration paid and to be paid by Lessee to Lessor, and in further consideration of the rents reserved and the covenants and conditions more particularly set forth in that certain Oil and Gas Lease dated August 29th 2017 (the "Lease"), between Lessor and Lessee, commencing August 29th, 2017 (the "Commencement Date"), does hereby grant, demise, lease and let exclusively unto Lessee the following described premises: Said land is situate in Richland Township, Clarion County, Commonwealth of Pennsylvania, Tax Parcel Number(s): 26-011-050-000-00, being all the property owned by Lessor or to which the Lessor may have any rights in said Township or adjoining Townships, containing One 00/100 (1.00) acres, more or less, and being the property described in Deed Book/Page No.'s: 207/148, of the Clarion County Record of Deeds (the "Leased Premises").

2. TO HAVE AND TO HOLD the Leased Premises for a term of six years commencing on the Effective Date, which term may be extended for an additional four year period after the expiration of the initial six year primary term, pursuant to Section 3(B) of the Lease, said Lease extension period expiring at the end of the 10th year of the Effective Date of the primary term, and so much longer thereafter oil, gas and other hydrocarbons are produced or are capable of being produced on the Premises, or as the Premises shall be operated by Lessee in the search of oil, gas and other hydrocarbons as further set forth in the Lease, unless earlier terminated in accordance with the terms and provisions of the Lease.

3. The rental, covenants, provisions and conditions of the Memorandum shall be the same as the rental, covenants, provisions and conditions set forth in the Lease to which rental, covenants, provisions and conditions reference is hereby made and the same are hereby incorporated by reference as though fully written herein.

4. In the event the Lease is in the future amended or supplemented by written instrument executed by the parties in interest thereto or shall be assigned or terminated in any manner permitted under the terms thereof, then without any further act or instrument whatsoever, this Memorandum shall likewise and to the same effect be amended, assigned or terminated, as the case may be.

5. This Memorandum is executed in simplified short form for the convenience of the parties and for the purpose of recording the same and this Memorandum shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same or now or may hereafter be in force and effect.

6. This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be construed together and shall constitute one Lease. Should less than all of the named Lessors execute this Lease, this Lease shall be binding on only those who are signatories thereto.

7. Lessee shall have the preferential right to lease for any future offers Lessor receives to lease or for any similar agreement that includes any or all of the leased premises, as described in Paragraph 26 of the Oil and Gas Lease.

INITIALS: ART. PA

IN WITNESS WHEREOF the Lessors have hereunder set their hands. Signed and acknowledged in the presence of:

LESSOR(S)

LESSEE:

By: Arthur D. Steffee
Arthur D. Steffee

Laurel Mountain Energy, LLC

By: Patricia A. Steffee
Patricia A. Steffee

By: Rodney B. Stauffer
Its: Vice President, Land

INDIVIDUAL ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF CLARION

On this, the 29th day of August, 2017, before me, a Notary Public, the undersigned officer, personally appeared Arthur D. Steffee and Patricia A. Steffee, husband & wife, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Veronica A. McWilliams
Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Veronica A McWilliams, Notary Public
City of Franklin, Venango County
My Commission Expires August 30, 2018

LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF

On this, the _____ day of _____, 2017, before me _____ the undersigned officer, personally appeared Rodney B. Stauffer, who acknowledged himself to be Vice President, Land of Laurel Mountain Energy, LLC, a Pennsylvania limited liability company and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as Vice President, Land

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

INITIALS: ARS - PLS

OIL AND GAS LEASE
PAID-UP LEASE

THIS OIL AND GAS LEASE (the "Lease") made and entered into this 12th day of July, 2017 ("Effective Date"), by and between Name: Arthur D. Steffee and Patricia A. Steffee, husband & wife ("LESSOR") Address: P. O. Box 349, Foxburg, PA 16036, and Laurel Mountain Energy, LLC, 61 McMurray Road, Suite 300, Pittsburgh, Pennsylvania 15241 (LESSEE").

1. **GRANTING CLAUSE:** In consideration of \$10.00 and other valuable consideration paid by LESSEE, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements contained in this Lease, LESSOR hereby grants, leases and lets exclusively to LESSEE, its successors and assigns, all oil, gas and other hydrocarbons (collectively, "Oil and Gas"), in, on or underlying the Leased Premises (defined in Section 2 below), together with the rights to explore the Leased Premises for Oil and Gas by geophysical, geological, seismic, and other methods, including core drilling; drill (either vertically, horizontally, or directionally), operate for, develop, produce by any means, measure, remove, maintain, treat, vent, dewater, cease to operate, plug, abandon, remove well, transport and market Oil and Gas; stimulate all strata or formations using any and all methods and technology available at the time of stimulation; conduct surveys (including, but not limited to, civil, cultural, environmental, geophysical and seismic surveys); perpetual easements to transport by pipelines (with appurtenant facilities) or otherwise across and through the Leased Premises Oil and Gas from the Leased Premises and from any other lands, whether or not unitized or pooled with the Leased Premises for so long as the transportation of such production may be desired by LESSEE; place tanks, equipment, electric power lines, telephone lines, water lines, impoundments and ponds, compression, treatment and collection facilities, use or install roads and other structures for the production of Oil and Gas from the Lease Premises and from other lands, whether or not unitized or pooled with the Leased Premises, together with the right to enter into and upon the Leased Premises, or upon lands unitized or pooled therewith, at all times for the foregoing purposes, and conduct secondary or tertiary recovery operations by injecting gas, water and other fluids or air into the subsurface strata underlying the Leased Premises and from neighboring lands across the Leased Premises, and such rights shall survive the term of this agreement for so long thereafter as operations are continued, to use oil, gas, and non-domestic water sources, free of cost, to store gas of any kind underground, regardless of the source thereof, including the injection of gas therein and removing same therefrom, to protect stored gas, to operate, maintain, repair, store, and remove material and equipment. No roads from adjacent non-unitized or pooled properties shall be constructed on the Leased Premises without LESSOR's prior written consent and approval of the location, which consent is not to be unreasonably withheld, delayed or conditioned. Any equipment and pipelines from wells not located on the Leased Premises or on lands unitized or pooled therewith shall be consented to by LESSOR in writing, which consent is not to be unreasonably withheld, delayed or conditioned.

2. **DESCRIPTION:** All that certain tract of land situated in the Township of Richland, County of Clarion, Commonwealth of Pennsylvania, generally bounded now or formerly as follows:

- On the North by See Exhibit C (12 tracts)
- On the East by _____
- On the South by _____
- On the West by _____

and for reference purposes only, being County Tax Parcel No. See Exhibit C (12 tracts), being the same tracts of land acquired by Lessor by virtue of a document recorded in the office of the Recorder of Deeds in said county in Pennsylvania, Deed Book/Page No.'s; See Exhibit C (12 tracts) and stipulated to contain, for the purpose of calculating payments, Eleven 8818/10000 (11.8818) acres, more or less, and hereinafter called "Leased Premises". This lease includes all accreted or submerged lands contiguous to the Leased Premises claimed or owned by Lessor.

3. (A) **TERM OF LEASE:** This Lease shall continue in force and the rights granted to LESSEE shall be quietly enjoyed by LESSEE for a term beginning on the Effective Date and ending at the end of the sixth year of the Effective Date, (the "Primary Term"), and as long thereafter as (i) operations are conducted on the Leased Premises, or from lands unitized or pooled therewith with no cessation for more than 180 consecutive days, or (ii) well(s) producing Oil and Gas or well(s) capable of producing Oil and Gas, in the sole judgment of LESSEE, are located on the Leased Premises or upon lands unitized or pooled therewith, or (iii) the Leased Premises shall be operated by LESSEE or as otherwise maintained in full force and effect pursuant to the other provisions in this Lease. For purposes of this Lease, the word "operations" means the following: (a) making applications for any necessary permits required for operating, (b) grading or preparation of a drill site and (c) the actual commencement of operations, as the case may be, of any well upon the Leased Premises or lands unitized or pooled therewith.

(B) **EXTENSION OF LEASE:** Prior to the expiration of the Primary Term of this Lease, LESSEE shall have the option to extend all or any portion of this Lease for an additional term of four years, which will serve to extend the Primary Term of this Lease to a total of 10 years, until the end of the tenth year of the Effective Date. LESSEE shall exercise such option by tendering to LESSOR a payment in an amount equal to \$250.00 per acre, per year, paid to LESSOR on the Lease Bonus Payment Date. LESSOR further grants LESSEE the exclusive option and right to extend this Lease for all other provisions, under the same terms and conditions contained herein. Such option may be exercised by LESSEE at any time prior to the end of the original six year Primary Term by notifying LESSOR in writing that

INITIALS: AS PLS

LESSEE is exercising its right to extend this Lease and contemporaneous with said notice LESSEE shall pay or tender to LESSOR the consideration set forth above. LESSOR agrees to allow LESSEE to file of record, a notice of LESSEE's exercise of the option to extend the Primary Term of this Lease.

(C) **PAYMENTS:** LESSEE's failure to timely pay the amounts required by this Section will not cause or result in a termination of this Lease unless LESSEE fails to tender such payment to LESSOR within 30 days after the date such payment was otherwise required to be made by LESSEE.

4. **PAID-UP LEASE:** This Lease is a Paid-Up Lease and shall not require the payment of any annual delay rentals to maintain the Lease in full force and effect during the Primary Term. This Lease shall not terminate for any default unless LESSOR first gives LESSEE written notice of such default by certified mail, return receipt requested, and LESSEE, if in default, fails within 60 days of receipt of such default notice to make curative payment to LESSOR or, if not capable of being cured by payment, commence to attempt to cure the default.

5. **ROYALTY PAYMENTS:** LESSEE covenants and agrees:

(A) For oil, gas and other hydrocarbons, to pay LESSOR 15% of the net amount paid to Lessee for all oil and gas produced, saved and sold from the Leased Premises. Payment of royalty for oil and gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(B) Any royalty payments made by LESSEE to LESSOR on any Oil and Gas produced from the Leased Premises and when sold by LESSEE shall be based on the net amount realized by LESSEE. There shall be no deductions from the royalty payments in Subsection (A) above for any costs of production, including exploring or surveying the Leased Premises for Oil and Gas, or installing, drilling, completing, equipping and producing a well. However, such royalty payments shall be less LESSOR's pro-rata share (based on royalty percentage) of post-production costs. Post-production costs include, without limitation, (i) all costs actually incurred by LESSEE and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale by LESSEE; (ii) all costs of gathering, marketing, compression, dehydration, transportation, processing and removal of liquid hydrocarbons, and other liquids or gaseous substances or impurities from the production and any taxes; and (iii) any other treatment and processing required by the purchaser or to otherwise market and sell gas, oil or any other hydrocarbons or substances produced with oil or gas. LESSEE also may deduct from royalty payments LESSOR's prorata share of any tax imposed by any government body that is levied upon the value of production or the severance of Oil and Gas from the Leased Premises.

6. **ADDRESS FOR PAYMENTS:** All money due under this Lease shall be paid or tendered to LESSOR at the address shown above or to the credit of LESSOR through LESSOR's agent as follows: **Same**, and such agent shall continue as LESSOR's agent to receive any and all sums payable under this Lease regardless of changes in ownership in the Leased Premises, or in the Oil and Gas or in the royalties payable under this Lease until delivery to LESSEE of notice of change of ownership. No change of ownership in the Leased Premises or in the royalties payable under this Lease shall be binding on LESSEE until 60 days after a written notice is delivered to LESSEE, duly signed by the parties including a certified copy of the instruments of conveyance or assignment to such new owner, which have been properly filed of record and deemed satisfactory to LESSEE.

7. **CESSATION OF OPERATIONS OR PRODUCTION/CONTINUOUS OPERATIONS:** If, after the expiration of the Primary Term of this Lease and after Oil and Gas is produced from the Leased Premises or upon lands unitized or pooled therewith, the production thereof should cease from any cause, this Lease shall not terminate if LESSEE commences operations for drilling or reworking within 180 days after the cessation of such production, and shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days.

8. **DELAY IN MARKETING:** If LESSEE drills a well on the Leased Premises or on land pooled with the Leased Premises that has yet to be or has been completed and the LESSEE in its sole discretion deems to be capable of production, but does not market gas or oil from such well and there is no other basis for extending this Lease, LESSEE will pay after the Primary Term and until such time as production is established or LESSEE surrenders the Lease a delay in marketing payment equal to the sum of \$5.00 per net acre per annum and the Lease will remain in full force and effect to the same extent as payment of a royalty.

9. **SHUT-IN PROVISION:** If, at the end of the Primary Term or at any time or times thereafter, there are one or more wells on the Leased Premises or on lands pooled with the Leased Premises capable of producing oil or gas in LESSEE's sole opinion, and all such wells are shut-in because of (i) lack of market or market facilities (including pipelines) or available transportation on existing pipelines; (ii) the necessity to construct or repair facilities including pipeline, gas processing or treating facilities or compressors, including such facilities which may be situated on lands other than the Leased Premises; (iii) the necessity to construct, maintain, repair or replace a pipeline(s) carrying oil or gas produced from the Leased Premises or lands pooled therewith; (iv) as a result of events of force majeure beyond reasonable control of LESSEE; or (v) under any other such similar circumstances, this Lease shall continue in force as though operations were being conducted on the Leased Premises or Oil and Gas were produced therefrom for so long as said wells are shut-in, and thereafter this Lease shall continue in force as if no shut-in had occurred, provided the shut-in payment set forth is tendered by LESSEE. If, at any time or times after the expiration of the Primary Term, all such wells

INITIALS: 

are shut-in for a period of 180 consecutive days or more, and there are no other operations on said land, then not later than 10 days after the expiration of the 180-day period of shut-in, LESSEE shall tender by check or wire, as a shut-in royalty payment the sum of \$5.00 per net acre per annum comprising the Leased Premises for so long as all such wells are shut-in. LESSEE shall make like payments or tenders at or before the end of each annual anniversary of the shut-in of the wells if upon such anniversary this Lease is being continued in force solely by the provisions of this Section. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this Lease if the wells were producing. If there is more than one well on the Leased Premises or on land pooled with the Leased Premises and one or more of the wells is producing oil or gas in LESSEE's sole opinion, no shut-in payment is owed to LESSOR under this Section 9.

10. **POOLING AND UNITIZATION:** LESSOR grants to LESSEE the right at any time and/or from time to time as deemed necessary or advisable by LESSEE, to pool, unitize, or consolidate the Leased Premises or any part thereof or strata under the Leased Premises with other lands, whether owned by or leased to LESSEE or owned by or leased to others, to form an oil or gas pooled unit for the purpose of drilling and producing a well or wells thereon. Units for wells may not exceed a total of 1,280 acres each in area, unless any governmental entity having jurisdiction prescribes or permits the creation of units larger than those specified, for the drilling or operation of a well to be drilled, drilling or already drilled in which case the unit may be as large as permitted. LESSEE may pool or consolidate acreage covered by this Lease or any portion thereof in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the Lease is pooled or consolidated as to any other stratum or strata, and oil units need not to conform as to area with gas units. The pooling or consolidation in one or more instances shall not exhaust the rights of LESSEE to pool this Lease or portions thereof into other units. LESSEE shall effect such pooling or consolidation by executing a designation of unit either before or after the drilling of a unit well, with the same formality as this Lease setting forth the leases or portions thereof consolidated, and recording the same in the Recorder's Office at the courthouse in the county in which the Leased Premises is located. LESSEE may, at its election, exercise its pooling rights before or after commencing operations for or completing an oil or gas well on the Leased Premises, and the pooled unit may include, but is not required to include, land or leases upon which a well capable of producing Oil and Gas in paying quantities has been completed or upon which operations for the drilling of a well for Oil and Gas has been commenced. In the event of operations for drilling on or production of Oil and Gas from any part of a pooled unit which includes all or a portion of the Leased Premises regardless of whether such operations were commenced before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations under this Lease whether or not the well or wells are located on the surface of the Leased Premises and, in such event, operations shall be deemed to have been commenced within the meaning of Section 3 of this Lease; and the entire acreage constituting such unit or units, as to Oil and Gas, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this Lease. Any well drilled in said pooled unit whether or not located on the Leased Premises, shall nevertheless be deemed to be located upon Leased Premises within the meaning and for the provisions and covenants of this Lease to the same effect as if all the lands comprising said unit were described in and subject to this Lease and LESSOR agrees to accept, in lieu of the royalty provided in Section 5 of this Lease, that proportion of such royalty which the acreage covered by this Lease and included in such units bears to the total number of acres comprising said pooled unit. If the well in said pooled unit shall be shut in, the shut in royalty provided for in Section 9 shall be payable to LESSOR in the proportion that the acreage of the Leased Premises included in the unit bears to the entire acreage so pooled or consolidated. LESSEE shall have the right to amend, alter, correct, enlarge or diminish the size of any such pooled unit at any time, and from time to time, in the same manner as provided in this Lease.

11. **PROPORTIONATE REDUCTION:** In the event LESSOR owns a lesser interest in the Oil and Gas in the Leased Premises, or any part thereof than the entire and undivided fee simple, then the royalties, shut-in royalty payment and/or all other payments provided for shall be paid to LESSOR only in the proportion which such interest bears to the whole and undivided fee simple estate therein. If the Leased Premises is owned by two or more parties, or the ownership of any interest is transferred by sale, devise or operation of law, the Leased Premises, nevertheless, may be held, developed and operated as an entirety, and the royalties and shut-in royalties provided for in this Lease shall be divided among and paid to such several owners in the proportion that the interest owned by each such owner bears to the entire Leased Premises.

12. **CURATIVE DOCUMENTS:** In the event any of the lands identified on this lease are determined to be inaccurately described or in the event it is determined LESSOR's ownership of said lands is owned in another capacity, other than described on this lease, LESSOR hereby covenants and agrees with LESSEE to execute and deliver such other documents necessary to amend and ratify this lease or take such further actions as LESSEE may reasonably request, to carry out the intent of, and give effect to this Oil & Gas Lease.

13. **LESSOR FURTHER GRANTS:** To LESSEE, the right to reprint and/or retype this lease, or record instruments of correction of this lease, for the sole and only purpose of: 1) more accurately describing the intended property to be leased under the terms of this lease, and 2) reflecting LESSOR's name in this lease in much the same manner as same appears in LESSOR's instrument of ownership, or county tax record identification. LESSEE agrees that any reprinting, retyping, or instruments of correction of this lease shall not change any material part of this lease. LESSOR agrees that the above said changes can be made to this lease, and that the reprinted, retyped, and/or instruments of correction of this lease can be placed of record without the prior written approval of LESSOR. LESSEE agrees to furnish LESSOR with a copy of the reprinted, retyped, and/or instruments of correction of this lease.

INITIALS: ADS, PA

14. **ASSIGNMENT RIGHTS/PAYOFF LIENS:** LESSEE shall have the right to assign and transfer this Lease in whole or in part, including by area and/or by depth or strata, at any time and LESSOR waives notice of any assignment or transfer of this Lease. LESSOR agrees that when and if this Lease is assigned, the assigning LESSEE shall have no further obligations to LESSOR except for those accruing prior to the date of the assignment. LESSOR further grants to the LESSEE, for the protection of LESSEE's interest hereunder, the right to pay and satisfy or reduce, upon foreclosure, any judgment claim, lien or mortgage against LESSOR's interest in the Leased Premises capable of divesting LESSEE's rights or interests under this Lease and, upon any such payment, to become subrogated to the rights of such claimant, lien holder or mortgagor, with the right to deduct amounts so paid from all royalties or other payments payable or which may become payable to LESSOR and/or LESSOR's assigns under this Lease.

15. **SURFACE OPERATIONS:**

(A) LESSEE shall repair and restore the surface of the Leased Premises, as a direct result of Lessee's operations, to as close as reasonably practical and possible to the condition in which the Leased Premises existed at the time of the commencement of drilling operations and such restoration and reclamation shall be commenced within one year after the conclusion of completion of operations on any well drilled on the Leased Premises, weather permitting. When required by LESSOR, LESSEE will bury all pipelines below ordinary plow depth or a minimum of 36" below surface depth (unless subsurface conditions prevent such pipeline from being buried at such depth), and no well shall be drilled within 200 feet of any residence, barn or water well now on the Leased Premises without LESSOR's prior consent.

(B) LESSEE agrees to fence all facilities constructed on the Leased Premises and to keep all such fences locked. LESSEE agrees to provide LESSOR with the name and telephone number of a contact person who has the capability of unlocking all fences surrounding facilities on the Leased Premises.

16. **RIGHTS-OF-WAY AND EASEMENTS:**

(A) LESSOR hereby grants and conveys unto LESSEE, its successors and assigns, permanent rights-of-way and easements over, across and through the Leased Premises for the purpose of installation, operation, maintenance, repair and replacement of one or more electric lines, and as well as one or more pipelines for the collection of, gathering, and/or transmission of oil, gas and other hydrocarbons, brines, water and other substances, or facilities, together with rights-of-way for ingress, egress and passage over and across the Leased Premises for the purpose of conducting oil and gas exploration, production, operation, and product transmission activities upon said lands, or upon lands adjacent thereto or in the vicinity thereof. The rights-of-way hereby granted are severable from, and independent of, the oil and gas lease rights herein granted and such rights-of-way or easements shall continue in existence so long as the same are deemed necessary, in the sole discretion of the LESSEE, its successors or assigns, even though the oil and gas lease rights may sooner terminate.

(B) For all pipelines installed on the Leased Premises for the purpose of transporting oil, gas and other hydrocarbons, brines, water and other substances not produced from the Leased Premises or lands pooled or unitized with the Leased Premises, LESSEE agrees to pay LESSOR \$20.00 per linear foot. LESSOR grants to LESSEE a 50 foot width for final Pipeline Right-Of-Way. LESSOR grants to LESSEE an additional construction easement of 40' and at locations such as roads, stream crossings or specific areas which require more difficult procedures, LESSEE shall have such additional space as reasonably necessary or convenient during construction of the pipeline.

(C) LESSEE shall not construct access roads on the Leased Premises that are greater than 25' wide unless otherwise approved by LESSOR in writing. However, LESSEE may use an additional area around the road as needed for stream crossings, turning radius, and road bores. During construction, LESSOR grants to LESSEE an additional construction easement of 50' on each side on the road to be constructed. The location of any roads constructed on the Leased Premises shall be consented to by LESSOR, which consent is not to be unreasonably withheld, conditioned or delayed. LESSEE agrees to construct gates for all access roads located on the Leased Premises and to keep all such gates locked when not in use. LESSEE agrees to give LESSOR a key to all locked gates for access roads located on the Leased Premises. LESSEE shall pay LESSOR \$5.00 per linear foot for any permanent road constructed on the Leased Premises, not specifically used for the benefit of LESSOR'S Lease or well unit(s), for ordinary wear and tear caused to the Leased Premises by LESSEE'S activities and operations in full and complete compensation for all damages to the Leased Premises.

(D) LESSOR agrees to cooperate with LESSEE in obtaining any permits, licenses, permissions or approvals, including but not limited to highway access permits, driveway permits and zoning and land use permits (hereinafter "Permits"), which LESSEE deems necessary or convenient to conduct, certify, confirm, evidence, facilitate or effectuate the purpose. LESSEE agrees to join in the application for any such Permits if LESSOR's signature is required in the application process.

17. **LESSOR RESTRICTIONS:** LESSOR agrees not to construct or place any dwellings or structures of any kind within 100 feet of a well, tank battery or other related facility or appurtenance, or on the pipeline easement.

18. **WATER TESTING:** LESSEE shall have LESSOR's current water supply sampled and tested prior to drilling the vertical portion (wellhead) of any well within 2,500 feet of LESSOR's primary water source on the Leased Premises. Should LESSOR experience a material adverse change in the quality of LESSOR's water supply, during or immediately after the completion of LESSEE's drilling operations, within 48 hours of LESSOR's written request, LESSEE shall,

INITIALS 

sample and test LESSOR's water supply at LESSEE's expense. Should such test reflect a material adverse change as a direct result of LESSEE's drilling operations within 2,500 feet of Lessor's water source on the Leased Premises, LESSEE agrees to provide LESSOR, at LESSEE's sole cost, with potable water until such time as LESSOR's water source has been repaired or replaced, at LESSEE's sole cost, with a source of substantially similar quality.

19. **LESSEE'S RIGHTS:** LESSEE shall have the right to use oil, gas, water, and/or minerals for operating on the Leased Premises or lands pooled therewith and the right at any time during or after the expiration of this Lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the Leased Premises. LESSEE shall have the right to release this Lease or any portion thereof at any time by giving written notice to LESSOR describing the portion which it elects to surrender as to area or depth or formation, or by returning the Lease to LESSOR with the endorsement of surrender thereof, or by recording the release or partial release of this Lease, any of which shall be a full and legal surrender of this Lease as to all of the Leased Premises or such portion thereof as the release shall indicate, and any payments due under this Lease based on net acres shall be reduced in proportion to the acreage surrendered. As to any portion of the Lease or Leased Premises so surrendered, LESSEE shall have reasonable and convenient easements for any existing wells, pipelines, roadways and other facilities on the lands surrendered. LESSOR expressly acknowledges and agrees that there shall be no further covenant to develop the Leased Premises.

20. **EXISTING WELLS EXCEPTED:** LESSOR excepts and reserves from this Lease any and all existing well(s) that may be situated on the Leased Premises. LESSEE shall not be responsible for any liabilities, including environmental or plugging obligations associated with said well(s).

21. **FORCE MAJEURE:** In the event LESSEE is unable to perform any of the acts of LESSEE by reason of force majeure, including but not limited to acts of God, adverse weather conditions, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, the issuance of permits to drill or other governmental orders or moratoriums related to drilling operations, or the inability to obtain a satisfactory market or pipelines or transportation for the sale of production, or the failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within LESSEE's control, this Lease shall remain in full force and effect until LESSEE can reasonably perform said act or acts or to remove the restriction causing the delay and in no event shall this Lease expire for a period of one year after the termination or elimination of such force majeure event.

22. **TOLLING DURING DISPUTE:** LESSOR and LESSEE agree that it is in their mutual interest not to require LESSEE to engage in operations during any period of time during which the validity of the Lease is challenged, contested, or disputed. If any arbitration or judicial proceeding is commenced in which the validity of the Lease is disputed, or if LESSOR takes any action that prevents LESSEE from conducting operations under this Lease or otherwise enjoying the benefits of or complying with the terms of the Lease, then the Primary Term (if still in effect) and/or LESSEE's obligation to conduct operations on the Leased Premises or on lands unitized or pooled therewith, in order for the Lease to continue beyond the Primary Term (if the Primary Term has lapsed), shall be tolled and extended during the pendency of the dispute or judicial proceeding – from its commencement through the resolution of the dispute or, in the case of a judicial proceeding, entry of a final, non-appealable judgment – plus an additional one year from the resolution of the dispute or entry of the final, non-appealable judgment.

23. **INDEMNIFICATION:** LESSEE agrees to indemnify, protect, save harmless and defend LESSOR from and against any loss, claim or expense, including without limitation claims of injury or death to persons or damage to property occurring as a direct result of LESSEE's use of the Leased Premises, except to the extent any such damage or injury is caused in whole or in part by LESSOR's negligence, gross negligence or intentional acts.

24. **NOTICE:** In the event of any default or alleged default by LESSEE in the performance of any of its obligations under this Lease, LESSOR shall notify LESSEE in writing setting out specifically in what respects LESSEE has breached this Lease. LESSEE shall then have 60 days after receipt of said notice within which to dispute such alleged default or to meet or commence to meet all or any part of the default alleged by LESSOR. The service of said notice shall be precedent to the bringing of any actions by LESSOR arising out of or related to this Lease for any cause, and no such action shall be brought until the lapse of 60 days after service of such notice on LESSEE. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform any or all of its obligations under this Lease. All notices to LESSEE provided for in this Lease shall be sent by certified mail return receipt requested to LESSEE at LESSEE's address set forth at the beginning of this Lease.

25. **ARBITRATION:** In the event any disagreement cannot be remedied between the parties, then any settlement shall be determined by a panel of three disinterested arbitrators. The arbitration process shall be initiated by one party sending written notice of arbitration to the other party. Within ten (10) days after receipt of an arbitration notice, Lessor & Lessee shall appoint and be responsible to pay the fee of one arbitrator each, and the two so appointed shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The arbitrators shall determine the procedure to be used for arbitration & shall render their decision within thirty (30) days after appointment of the third arbitrator. The award shall be by unanimous decision of the arbitrators and shall be final. If either party fails to timely appoint its arbitrator or if the two arbitrators appointed fail to appoint a third arbitrator within ten (10) days after their appointment, then either party may make application to any court having jurisdiction over the Leased Premises for the appointment of the last arbitrator.

26. **PREFERENTIAL RIGHT TO LEASE:** In the event LESSOR, during the term of this Lease, receives a bona-fide offer which LESSOR is willing to accept from any party offering to pay LESSOR, within one year of the expiration

INITIALS: 

date of the primary term or any extension of this lease, for an oil and gas lease, oil and gas option, or similar agreement covering all or any portion of the Leased Premises, LESSOR agrees to notify LESSEE in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. LESSEE, for a period of 60 days after receipt of the notice by certified return receipt mail, shall have the prior and preferred right and option to acquire from LESSOR a lease or other rights covering all or part of the Leased Premises at the price and according to the terms and conditions specified in the offer. If LESSEE does not respond within said 60 day notice period, it will be deemed that LESSEE waives its rights with regard to such offer.

27. **PRIOR LEASE PROVISION:** LESSOR warrants that LESSOR is ^{not} currently receiving production royalties from a Vista Resources, Inc. lease, covering the depths from the surface to 3,000 feet below the surface, for three shallow wells only, which Memorandum of Lease was recorded in the Recorder's Office of Clarion County, Pennsylvania in

Instrument No. 2012-0004291. Beyond said Lease, LESSOR is not currently receiving any bonus, delay rental, including storage payments or production royalty or shut-in royalties as the result of the existence of any prior oil and/or gas lease or storage lease covering any or all of the Leased Premises. LESSOR further warrants that there are no current surface operations being conducted upon the Leased Premises in preparation for the drilling of a well upon the Leased Premises and that may be construed as extending the terms of the above said oil and gas lease that covered all or part of the Leased Premises.

LESSOR'S INITIALS AFFIRMING ABOVE STATEMENT: WJ PAS

28. **SPECIAL WARRANTY:** LESSOR warrants title to the Leased Premises only as to all liens, claims, encumbrances and other defects arising during the time of its ownership of the Leased Premises, and not against any title defects that existed prior to such ownership. All covenants and conditions between the parties shall extend to their heirs, personal representatives, successors and assigns. It is mutually agreed that this Lease contains and expresses all of the agreements and understandings of the parties with regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this Lease or imposed upon the parties or either of them. LESSOR further agrees to sign such additional documents as may be reasonably requested by LESSEE to perfect LESSEE's title to the Oil and Gas leased herein.

29. **SEVERABILITY:** This Lease shall in all circumstances be construed against invalidation, termination, or forfeiture. Failure of payment of rental or royalty on any part of this Lease shall not void this Lease as to any other part. If any provision of this Lease shall be determined to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties expressly agree that in the event any provision of this Lease is determined to be invalid, illegal, and unenforceable or in conflict with the law of any jurisdiction, the provision shall be revised in such manner as to be valid, legal, and enforceable.

30. **COUNTERPARTS:** This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be constructed together and shall constitute one Lease. Should fewer than all of the named LESSORS execute this Lease, this Lease shall be binding on only those parties who are signatories.

31. **MEMORANDUM OF LEASE:** LESSEE reserves the right and option to file a Memorandum of Oil and Gas Lease in the County Recorder's Office which will in such event serve as constructive notice of the existence of this Lease.

32. **NO AUTOMATIC TERMINATION OR FORFEITURE:** This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving continuation to the Lease where the circumstances exist to maintain this Lease in effect under any of the alternative mechanism set forth in this Lease.

33. **LEASE ATTACHMENTS:** Exhibits A, B and C are attached to, and incorporated into, this Lease.

INITIALS: WJ PAS

IN WITNESS WHEREOF, LESSORS have set their hands to this Lease. Signed and acknowledged in the presence of:

LESSOR(S)

LESSEE:

By: Arthur D. Steffee
Arthur D. Steffee

Laurel Mountain Energy, LLC

By: Patricia A. Steffee
Patricia A. Steffee

By: Rodney B. Stauffer
Its: Vice President, Land

INDIVIDUAL ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ~~CLARION~~ VENANGO

On this, the 12th day of July, 2017 before me, a Notary Public, the undersigned officer, personally appeared **Arthur D. Steffee and Patricia A. Steffee, husband & wife**, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that **he/she/they** executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Veronica A McWilliams
Notary Public

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Veronica A McWilliams, Notary Public
City of Franklin, Venango County
My Commission Expires August 30, 2018

LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF

On this, the _____ day of _____, 2017, before me _____ the undersigned officer, personally appeared **Rodney B. Stauffer**, who acknowledged himself to be Vice President, Land of Laurel Mountain Energy, LLC, a Pennsylvania limited liability company and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as Vice President, Land.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

INITIALS: ADS PA

ADDITIONAL ADDENDUMS – EXHIBIT A

The provisions of this Addendum shall control and supersede the in the event of any conflict or inconsistency with any provision(s) of the Lease.

34. **CROP DAMAGES:** Any and all damages to LESSOR'S crops or LESSOR'S tenant's crops, as the case may be, caused by LESSEE'S operations upon Leased Premises, shall be paid for by LESSEE based on current market value in the area for the type of cultivated crops being grown at the time of disturbance. Crop damages are to be paid to the LESSOR after an assessment is completed to determine the amount of those damages.

35. **TIMBER REMOVAL & DAMAGES:** In the event LESSEE determines it must remove any marketable timber from the Leased Premises in order to accommodate any of its surface operations thereon, it shall notify LESSOR at least 10 days prior to the time LESSEE wishes to commence the removal of that marketable timber. Any of the marketable timber that is planned to be removed will be properly flagged and marked by LESSEE by the time of notification in order to allow LESSOR to decide if it will want to have that timber removed on its own behalf or if it will allow LESSEE to proceed to have it removed. Should LESSOR choose not to have such marketable timber removed, LESSEE may proceed to remove the timber and LESSEE shall then pay LESSOR the market value of the marketable timber as determined by an independent timber appraiser. In that event, the marketable timber shall become the property of the LESSEE and removed from the Leased Premises or LESSOR may request LESSEE stack the marketable timber on the Leased Premises at a mutually agreeable location and in reasonable proximity to the construction site and permit area of disturbance and said marketable timber shall remain the property of LESSOR.

36. **LICENSE TO INSTALL NATURAL GAS DELIVERY METERS AND TAP SITE:** In addition to all other rights granted to LESSEE under this Lease, LESSOR hereby grants to LESSEE the right to install natural gas delivery meters and a tap site on the Leased Premises at a location approved by LESSOR for the delivery of natural gas from a pipeline crossing the Leased Premises capable of supplying natural gas to the structures and improvements located on the Leased Premises. LESSOR's approval of the location of the delivery meters and tap site may not be unreasonably withheld, conditioned or delayed. In consideration of the grant of the foregoing license, LESSEE agrees to pay to LESSOR the license fee set forth on Exhibit B to this Lease. The construction of any tap at the wellhead and installation of delivery meters, and the delivery and sale of natural gas to LESSOR, will be governed by separate agreements between LESSOR and LESSEE.

In the event that the wells drilled on LESSOR'S property are not economic enough to justify the installation of a large pipeline then LESSEE and LESSOR will work together to prepare separate agreements for the construction of a tap at the wellhead and installation of delivery meters to deliver and sell the natural gas to LESSOR.

CONFIDENTIAL EXHIBIT B

Thank you for tendering the attached Oil and Gas Lease (the "Lease") to **Laurel Mountain Energy, LLC** ("Lessee"). Lessee pays an initial \$10.00 payment to each property owner as consideration for executing the Lease. After the Lease has been properly executed by each interest owner and Laurel Mountain Appalachia's representative completes a title review at the courthouse of the county in which your land is located, the Lease is submitted to Laurel Mountain Appalachia's management for approval.

The Lease is reviewed to ensure that the proper persons have appropriately executed the Lease, that the oil and gas rights are intact and owned by the Lessor(s), the land covered by the Lease remain desirable to Lessee, and determine the status of any other oil or gas leases that may be active on the Leased Premises (a certified title examination is usually completed by a title attorney prior to drilling). The title examiner then submits the results of the title review along with the Lease and a detailed map of the Leased Premises to Lessee for processing and approval.

The Lease is then further reviewed by a member of Lessee's Land Administration Department. The property is placed on Lessee's land maps and the Lease information is input into Lessee's computer system. Lessee's management then reviews the Lease terms and conditions and, if approved, its Accounting Department is instructed to make the appropriate Lease payments, as they come due.

Laurel Mountain Appalachia, LLC hereby agrees to pay the following oil and gas owner the amount set forth below, SUBJECT TO: 1) review and approval of title, and 2) Lessee's management approval.

\$1,500.00 PER NET ACRE (the "Lease Bonus"), TO BE ISSUED ON OR BEFORE 120 BANKING DAYS FROM THE EFFECTIVE DATE OF THIS LEASE; IN THE EVENT THAT LESSEE DOES NOT ACCEPT THIS LEASE BY THE 120TH BANKING DAY FROM EXECUTION BY LESSOR(S), THE LEASE IS NOT ACCEPTED AND SHALL NOT BE BINDING ON LESSEE OR LESSOR(S), AND LESSEE SHALL HAVE NO OBLIGATION TO PAY THE AFORESAID AMOUNT, AND THIS LEASE WILL BE NULL AND VOID AND RETURNED TO LESSOR AND LESSEE SHALL PROMPTLY RELEASE ANY MEMORANDUM OF LEASE FILED BY IT COVERING THE LEASE.

\$500.00 PER NET ACRE (the "License Fee") PROVIDED FOR UNDER SECTION 36 OF THE LEASE (ADDENDUM, EXHIBIT A), TO BE PAID CONCURRENTLY WITH ,AND SUBJECT TO THE SAME TERMS AND CONDITIONS AS, THE LEASE BONUS PAYABLE ABOVE.

LEASE EXECUTION DATE: July 12, 2017

LEASE PAYMENT DATE ON OR BEFORE: January 4th, 2018 (120 banking days from the Lease Effective Date of the last LESSOR signing lease)

LANDMAN:

LESSOR(S):

By: Arthur D. Steffee
Arthur D. Steffee

By: Patricia A. Steffee
Patricia A. Steffee

EXHIBIT "C"

Attached to and made a part of that certain
Paid-Up Oil and Gas Lease dated 7/12, 2017
by and between Arthur D. Steffee and Patricia A. Steffee, husband & wife, as Lessor,
and Laurel Mountain Energy, LLC, as Lessee.

PARCEL 1. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #1

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-060-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-059-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 1.0 acres, more or less, and being the property described in Deed Volume, 207 Page 244 of the Clarion County Record of Deeds.

PARCEL 2. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #2

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-053-000-00
South by the lands of: 26-011-002-000-00
West by the lands of: 26-011-002-000-00

Tax Parcel Number(s): 26-011-033-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.8609 acres, more or less, and being the property described in Deed Volume, 233 Page 927 of the Clarion County Record of Deeds.

PARCEL 3. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #3

North by the lands of: 26-011-021-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-018-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-020-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 2.0 acres, more or less, and being the property described in Deed Volume, 210 Page 1103 of the Clarion County Record of Deeds.

PARCEL 4. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #4

North by the lands of: 26-011-003-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-013-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-012-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.94 acres, more or less, and being the property described in Deed Volume, 214 Page 70 of the Clarion County Record of Deeds.

INITIALS: 

PARCEL 5. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #5

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-059-000-00
South by the lands of: 26-011-002-000-00
West by the lands of: 26-011-002-000-00

Tax Parcel Number(s): 26-011-060-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **1.0** acres, more or less, and being the property described in Deed Volume, 207 Page 143 of the Clarion County Record of Deeds.

PARCEL 6. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #6

North by the lands of: 26-011-009-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-008-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **0.92** acres, more or less, and being the property described in Deed Volume, 2015 Page 4150 of the Clarion County Record of Deeds.

PARCEL 7. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #7

North by the lands of: 26-011-003-000-00
East by the lands of: 26-011-010-000-00
South by the lands of: 26-011-008-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-009-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **1.0** acres, more or less, and being the property described in Deed Volume, 2016 Page 3118 of the Clarion County Record of Deeds.

PARCEL 8. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #8

North by the lands of: 26-011-012-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-013-000-00

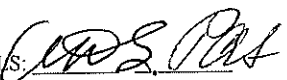
Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **0.56** acres, more or less, and being the property described in Deed Volume, 2015 Page 4150 of the Clarion County Record of Deeds.

PARCEL 9. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #9

North by the lands of: 26-011-003-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-004-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-005-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **0.74** acres, more or less, and being the property described in Deed Volume, 2016 Page 259 of the Clarion County Record of Deeds.

INITIALS: 

PARCEL 10. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #10

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-002-000-00; 26-011-003-000-00
West by the lands of: 26-011-002-000-00

Tax Parcel Number(s): 26-011-029-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.8609 acres, more or less, and being the property described in Deed Volume, 310 Page 417 of the Clarion County Record of Deeds.

PARCEL 11. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #11

North by the lands of: 26-011-002-000-00; 26-011-003-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-002-000-00; 26-011-003-000-00

Tax Parcel Number(s): 26-011-063-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 1.0 acres, more or less, and being the property described in Deed Volume, 415 Page 742 of the Clarion County Record of Deeds.

PARCEL 12. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #12

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-002-000-00
South by the lands of: 26-011-002-000-00
West by the lands of: 26-011-029-000-00

Tax Parcel Number(s): 26-011-058-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 1.0 acres, more or less, and being the property described in Deed Volume, 207 Page 63 of the Clarion County Record of Deeds.

MEMORANDUM OF OIL & GAS LEASE

THIS MEMORANDUM OF OIL & GAS LEASE ("Memorandum"), dated this 12th day of July, 2017, by and between, Arthur D. Steffee and Patricia A. Steffee, husband & wife, Address: P. O. Box 349, Foxburg, PA 16036, herein called Lessor, and Laurel Mountain Energy, LLC, 61 McMurray Road, Suite 300, Pittsburgh, PA 15241, hereinafter called Lessee, WITNESSETH:

1. For and in consideration of \$10.00 and other good and valuable consideration paid and to be paid by Lessee to Lessor, and in further consideration of the rents reserved and the covenants and conditions more particularly set forth in that certain Oil and Gas Lease dated July 12, 2017 (the "Lease"), between Lessor and Lessee, commencing July 12, 2017 (the "Commencement Date"), does hereby grant, demise, lease and let exclusively unto Lessee the following described premises: Said land is situate in **Richland Township, Clarion County**, Commonwealth of Pennsylvania, Tax Parcel Number(s): See Exhibit C (12 tracts), being all the property owned by Lessor or to which the Lessor may have any rights in said Township or adjoining Townships, containing Eleven 8818/10000 (**11.8818**) acres, more or less, and being the property described in Deed Book/Page No.'s; See Exhibit C (12 tracts), of the Clarion County Record of Deeds (the "Leased Premises").

2. TO HAVE AND TO HOLD the Leased Premises for a term of six years commencing on the Effective Date, which term may be extended for an additional four year period after the expiration of the initial six year primary term, pursuant to Section 3(B) of the Lease, said Lease extension period expiring at the end of the 10th year of the Effective Date of the primary term, and so much longer thereafter oil, gas and other hydrocarbons are produced or are capable of being produced on the Premises, or as the Premises shall be operated by Lessee in the search of oil, gas and other hydrocarbons as further set forth in the Lease, unless earlier terminated in accordance with the terms and provisions of the Lease.

3. The rental, covenants, provisions and conditions of the Memorandum shall be the same as the rental, covenants, provisions and conditions set forth in the Lease to which rental, covenants, provisions and conditions reference is hereby made and the same are hereby incorporated by reference as though fully written herein.

4. In the event the Lease is in the future amended or supplemented by written instrument executed by the parties in interest thereto or shall be assigned or terminated in any manner permitted under the terms thereof, then without any further act or instrument whatsoever, this Memorandum shall likewise and to the same effect be amended, assigned or terminated, as the case may be.

5. This Memorandum is executed in simplified short form for the convenience of the parties and for the purpose of recording the same and this Memorandum shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same or now or may hereafter be in force and effect.

6. This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be construed together and shall constitute one Lease. Should less than all of the named Lessors execute this Lease, this Lease shall be binding on only those who are signatories thereto.

7. Memorandum Attachment: Exhibit C is attached to, and incorporated into, this Memorandum of Oil & Gas Lease.

INITIALS: AS PS

IN WITNESS WHEREOF the Lessors have hereunder set their hands. Signed and acknowledged in the presence of:

LESSOR(S)

LESSEE:

By: Arthur D. Steffee
Arthur D. Steffee

Laurel Mountain Energy, LLC

By: Patricia A. Steffee
Patricia A. Steffee

By: Rodney B. Stauffer
Its: Vice President, Land

INDIVIDUAL ACKNOWLEDGEMENT

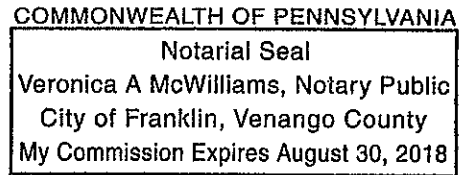
COMMONWEALTH OF PENNSYLVANIA

COUNTY OF ~~CLARION~~ VENANGO

On this, the 12th day of July, 2017, before me, a Notary Public, the undersigned officer, personally appeared **Arthur D. Steffee and Patricia A. Steffee, husband & wife**, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that **he/she/they** executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Veronica A. McWilliams
Notary Public



LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF

On this, the _____ day of _____, 2017, before me _____ the undersigned officer, personally appeared **Rodney B. Stauffer**, who acknowledged himself to be Vice President, Land of Laurel Mountain Energy, LLC, a Pennsylvania limited liability company and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as Vice President, Land.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

INITIALS ADS, PAS

EXHIBIT "C"

Attached to and made a part of that certain
Paid-Up Oil and Gas Lease dated 7/12, 2017
by and between Arthur D. Steffee and Patricia A. Steffee, husband & wife, as Lessor,
and Laurel Mountain Energy, LLC, as Lessee.

PARCEL 1. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #1

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-060-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-059-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 1.0 acres, more or less, and being the property described in Deed Volume, 207 Page 244 of the Clarion County Record of Deeds.

PARCEL 2. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #2

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-053-000-00
South by the lands of: 26-011-002-000-00
West by the lands of: 26-011-002-000-00

Tax Parcel Number(s): 26-011-033-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.8609 acres, more or less, and being the property described in Deed Volume, 233 Page 927 of the Clarion County Record of Deeds.

PARCEL 3. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #3

North by the lands of: 26-011-021-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-018-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-020-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 2.0 acres, more or less, and being the property described in Deed Volume, 210 Page 1103 of the Clarion County Record of Deeds.

PARCEL 4. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #4

North by the lands of: 26-011-003-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-013-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-012-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.94 acres, more or less, and being the property described in Deed Volume, 214 Page 70 of the Clarion County Record of Deeds.

INITIALS: ADS. PLS

PARCEL 5. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #5

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-059-000-00
South by the lands of: 26-011-002-000-00
West by the lands of: 26-011-002-000-00

Tax Parcel Number(s): 26-011-060-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 1.0 acres, more or less, and being the property described in Deed Volume, 207 Page 143 of the Clarion County Record of Deeds.

PARCEL 6. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #6

North by the lands of: 26-011-009-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-008-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.92 acres, more or less, and being the property described in Deed Volume, 2015 Page 4150 of the Clarion County Record of Deeds.

PARCEL 7. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #7

North by the lands of: 26-011-003-000-00
East by the lands of: 26-011-010-000-00
South by the lands of: 26-011-008-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-009-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 1.0 acres, more or less, and being the property described in Deed Volume, 2016 Page 3118 of the Clarion County Record of Deeds.

PARCEL 8. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #8

North by the lands of: 26-011-012-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-013-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.56 acres, more or less, and being the property described in Deed Volume, 2015 Page 4150 of the Clarion County Record of Deeds.

PARCEL 9. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #9

North by the lands of: 26-011-003-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-004-000-00
West by the lands of: 26-011-003-000-00

Tax Parcel Number(s): 26-011-005-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing 0.74 acres, more or less, and being the property described in Deed Volume, 2016 Page 259 of the Clarion County Record of Deeds.

INITIALS: W.S. P.S.

PARCEL 10. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #10

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-002-000-00; 26-011-003-000-00
West by the lands of: 26-011-002-000-00

Tax Parcel Number(s): 26-011-029-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **0.8609** acres, more or less, and being the property described in Deed Volume, 310 Page 417 of the Clarion County Record of Deeds.

PARCEL 11. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #11

North by the lands of: 26-011-002-000-00; 26-011-003-000-00
East by the lands of: 26-011-003-000-00
South by the lands of: 26-011-003-000-00
West by the lands of: 26-011-002-000-00; 26-011-003-000-00

Tax Parcel Number(s): 26-011-063-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **1.0** acres, more or less, and being the property described in Deed Volume, 415 Page 742 of the Clarion County Record of Deeds.

PARCEL 12. Said land is situated in Richland Township, Clarion County, Commonwealth of Pennsylvania, bounded substantially by lands now and/or formerly owned as follows: Tract #12

North by the lands of: 26-011-002-000-00
East by the lands of: 26-011-002-000-00
South by the lands of: 26-011-002-000-00
West by the lands of: 26-011-029-000-00

Tax Parcel Number(s): 26-011-058-000-00

Being all the property owned by Lessor or to which the Lessor may have any rights in said Land, containing **1.0** acres, more or less, and being the property described in Deed Volume, 207 Page 63 of the Clarion County Record of Deeds.

INITIALS ADS. PAS

OIL AND GAS LEASE
PAID-UP LEASE

THIS OIL AND GAS LEASE (the "Lease") made and entered into this 13th day of October, 2014 ("Effective Date"), by and between Name: Arthur D. Steffee and Patricia A. Steffee, husband & wife ("LESSOR") Address: P. O. Box 349, Foxburg, PA 16036, and Laurel Mountain Appalachia, LLC, 61 McMurray Road, Suite 300, Pittsburgh, Pennsylvania 15241 (LESSEE").

1. **GRANTING CLAUSE:** In consideration of \$10.00 and other valuable consideration paid by LESSEE, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements contained in this Lease, LESSOR hereby grants, leases and lets exclusively to LESSEE, its successors and assigns, all oil, gas and other hydrocarbons (collectively, "Oil and Gas"), in, on or underlying the Leased Premises (defined in Section 2 below), together with the rights to explore the Leased Premises for Oil and Gas by geophysical, geological, seismic, and other methods, including core drilling; drill (either vertically, horizontally, or directionally), operate for, develop, produce by any means, measure, remove, maintain, treat, vent, dewater, cease to operate, plug, abandon, remove well, transport and market Oil and Gas; stimulate all strata or formations using any and all methods and technology available at the time of stimulation; conduct surveys (including, but not limited to, civil, cultural, environmental, geophysical and seismic surveys); perpetual easements to transport by pipelines (with appurtenant facilities) or otherwise across and through the Leased Premises Oil and Gas from the Leased Premises and from any other lands, whether or not unitized or pooled with the Leased Premises for so long as the transportation of such production may be desired by LESSEE; place tanks, equipment, electric power lines, telephone lines, water lines, impoundments and ponds, compression, treatment and collection facilities, use or install roads and other structures for the production of Oil and Gas from the Lease Premises and from other lands, whether or not unitized or pooled with the Leased Premises, together with the right to enter into and upon the Leased Premises, or upon lands unitized or pooled therewith, at all times for the foregoing purposes, and conduct secondary or tertiary recovery operations by injecting gas, water and other fluids or air into the subsurface strata underlying the Leased Premises and from neighboring lands across the Leased Premises, and such rights shall survive the term of this agreement for so long thereafter as operations are continued, to use oil, gas, and non-domestic water sources, free of cost, to store gas of any kind underground, regardless of the source thereof, including the injection of gas therein and removing same therefrom, to protect stored gas, to operate, maintain, repair, store, and remove material and equipment. No roads from adjacent non-unitized or pooled properties shall be constructed on the Leased Premises without LESSOR's prior written consent and approval of the location, which consent is not to be unreasonably withheld, delayed or conditioned. Any equipment and pipelines from wells not located on the Leased Premises or on lands unitized or pooled therewith shall be consented to by LESSOR in writing, which consent is not to be unreasonably withheld, delayed or conditioned.

2. **DESCRIPTION:** All that certain tract of land situated in the Township of Richland, County of Clarion, Commonwealth of Pennsylvania, generally bounded now or formerly as follows:

<u>On the North by</u>	<u>Clarion River, N/F: Dana Logue, small lots</u>
<u>On the East by</u>	<u>Clarion River & N/F: Dana Logue</u>
<u>On the South by</u>	<u>Clarion River</u>
<u>On the West by</u>	<u>Allegheny River, small lots</u>

and for reference purposes only, being County Tax Parcel No. 26-011-002, 26-011-003, 26-011-003-001, 26-011-003-002, 26-011-001, 26-010-143, 26-010-142, 26-010-141, ~~09-010-002, 09-010-135~~(inclusive), additional parcels (EXHIBIT C), being the same tracts of land acquired by Lessor by virtue of a document recorded in the office of the Recorder of Deeds in said county in Pennsylvania, Deed Book/Page No.'s: 484/835 (Cubbon, 1076 acres), 484/831 (Nowotny, 23.75 acres), 622/694 (Boodley et al, 12.8 acres), 0505/1076 (Foxview Manor, 50.655 acres) and stipulated to contain, for the purpose of calculating payments, one-thousand sixty-three and two hundred five thousandths (1,163.205) acres, more or

INITIALS: ADS . PMS

less, and hereinafter called "Leased Premises". This lease includes all accreted or submerged lands contiguous to the Leased Premises claimed or owned by Lessor.

3. (A) **TERM OF LEASE:** This Lease shall continue in force and the rights granted to LESSEE shall be quietly enjoyed by LESSEE for a term beginning on the Effective Date and ending at the end of the sixth year of the Effective Date, (the "Primary Term"), and as long thereafter as (i) operations are conducted on the Leased Premises, or from lands unitized or pooled therewith with no cessation for more than 180 consecutive days, or (ii) well(s) producing Oil and Gas or well(s) capable of producing Oil and Gas, in the sole judgment of LESSEE, are located on the Leased Premises or upon lands unitized or pooled therewith, or (iii) the Leased Premises shall be operated by LESSEE or as otherwise maintained in full force and effect pursuant to the other provisions in this Lease. For purposes of this Lease, the word "operations" means the following: (a) making applications for any necessary permits required for operating, (b) grading or preparation of a drill site and (c) the actual commencement of operations, as the case may be, of any well upon the Leased Premises or lands unitized or pooled therewith.

(B) **EXTENSION OF LEASE:** Prior to the expiration of the Primary Term of this Lease, LESSEE shall have the option to extend all or any portion of this Lease for an additional term of four years, which will serve to extend the Primary Term of this Lease to a total of 10 years, until the end of the tenth year of the Effective Date. LESSEE shall exercise such option by tendering to LESSOR a payment in an amount equal to \$250.00 per acre, per year, paid to LESSOR on the Lease Bonus Payment Date. LESSOR further grants LESSEE the exclusive option and right to extend this Lease for all other provisions, under the same terms and conditions contained herein. Such option may be exercised by LESSEE at any time prior to the end of the original six year Primary Term by notifying LESSOR in writing that LESSEE is exercising its right to extend this Lease and contemporaneous with said notice LESSEE shall pay or tender to LESSOR the consideration set forth above. LESSOR agrees to allow LESSEE to file of record, a notice of LESSEE's exercise of the option to extend the Primary Term of this Lease.

(C) **PAYMENTS:** LESSEE's failure to timely pay the amounts required by this Section will not cause or result in a termination of this Lease unless LESSEE fails to tender such payment to LESSOR within 30 days after the date such payment was otherwise required to be made by LESSEE.

4. **PAID-UP LEASE:** This Lease is a Paid-Up Lease and shall not require the payment of any annual delay rentals to maintain the Lease in full force and effect during the Primary Term. This Lease shall not terminate for any default unless LESSOR first gives LESSEE written notice of such default by certified mail, return receipt requested, and LESSEE, if in default, fails within 60 days of receipt of such default notice to make curative payment to LESSOR or, if not capable of being cured by payment, commence to attempt to cure the default.

5. **ROYALTY PAYMENTS:** LESSEE covenants and agrees:

(A) For oil, gas and other hydrocarbons, to pay LESSOR 15% of the net amount paid to Lessee for all oil and gas produced, saved and sold from the Leased Premises. Payment of royalty for oil and gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by LESSEE, subject to LESSEE's verification of LESSOR's mineral ownership. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(B) Any royalty payments made by LESSEE to LESSOR on any Oil and Gas produced from the Leased Premises and when sold by LESSEE shall be based on the net amount realized by LESSEE. There shall be no deductions from the royalty payments in Subsection (A) above for any costs of production, including exploring or surveying the Leased Premises for Oil and Gas, or installing, drilling, completing, equipping and producing a well. However, such royalty payments shall be less LESSOR's pro-rata share (based on royalty percentage) of post-production costs. Post-production costs include, without limitation, (i) all costs actually incurred by LESSEE and all losses of produced volumes whether by use as fuel, line loss, flaring, venting or otherwise from and after the wellhead to the point of sale by LESSEE; (ii) all costs of gathering, marketing, compression, dehydration, transportation, processing and removal of liquid hydrocarbons, and other liquids or gaseous substances or impurities from the production and any taxes; and (iii) any other treatment and

INITIALS: *ADS. PMS*

processing required by the purchaser or to otherwise market and sell gas, oil or any other hydrocarbons or substances produced with oil or gas. LESSEE also may deduct from royalty payments LESSOR's prorata share of any tax imposed by any government body that is levied upon the value of production or the severance of Oil and Gas from the Leased Premises.

6. **ADDRESS FOR PAYMENTS:** All money due under this Lease shall be paid or tendered to LESSOR at the address shown above or to the credit of LESSOR through LESSOR's agent as follows: SAME AS ABOVE, and such agent shall continue as LESSOR's agent to receive any and all sums payable under this Lease regardless of changes in ownership in the Leased Premises, or in the Oil and Gas or in the royalties payable under this Lease until delivery to LESSEE of notice of change of ownership. No change of ownership in the Leased Premises or in the royalties payable under this Lease shall be binding on LESSEE until 60 days after a written notice is delivered to LESSEE, duly signed by the parties including a certified copy of the instruments of conveyance or assignment to such new owner, which have been properly filed of record and deemed satisfactory to LESSEE.

7. **CESSATION OF OPERATIONS OR PRODUCTION/CONTINUOUS OPERATIONS:** If, after the expiration of the Primary Term of this Lease and after Oil and Gas is produced from the Leased Premises or upon lands unitized or pooled therewith, the production thereof should cease from any cause, this Lease shall not terminate if LESSEE commences operations for drilling or reworking within 180 days after the cessation of such production, and shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 180 consecutive days.

8. **DELAY IN MARKETING:** If LESSEE drills a well on the Leased Premises or on land pooled with the Leased Premises that has yet to be or has been completed and the LESSEE in its sole discretion deems to be capable of production, but does not market gas or oil from such well and there is no other basis for extending this Lease, LESSEE will pay after the Primary Term and until such time as production is established or LESSEE surrenders the Lease a delay in marketing payment equal to the sum of \$5.00 per net acre per annum and the Lease will remain in full force and effect to the same extent as payment of a royalty.

9. **SHUT-IN PROVISION:** If, at the end of the Primary Term or at any time or times thereafter, there are one or more wells on the Leased Premises or on lands pooled with the Leased Premises capable of producing oil or gas in LESSEE's sole opinion, and all such wells are shut-in because of (i) lack of market or market facilities (including pipelines) or available transportation on existing pipelines; (ii) the necessity to construct or repair facilities including pipeline, gas processing or treating facilities or compressors, including such facilities which may be situated on lands other than the Leased Premises; (iii) the necessity to construct, maintain, repair or replace a pipeline(s) carrying oil or gas produced from the Leased Premises or lands pooled therewith; (iv) as a result of events of force majeure beyond reasonable control of LESSEE; or (v) under any other such similar circumstances, this Lease shall continue in force as though operations were being conducted on the Leased Premises or Oil and Gas were produced therefrom for so long as said wells are shut-in, and thereafter this Lease shall continue in force as if no shut-in had occurred, provided the shut-in payment set forth is tendered by LESSEE. If, at any time or times after the expiration of the Primary Term, all such wells are shut-in for a period of 180 consecutive days or more, and there are no other operations on said land, then not later than 10 days after the expiration of the 180-day period of shut-in, LESSEE shall tender by check or wire, as a shut-in royalty payment the sum of \$5.00 per net acre per annum comprising the Leased Premises for so long as all such wells are shut-in. LESSEE shall make like payments or tenders at or before the end of each annual anniversary of the shut-in of the wells if upon such anniversary this Lease is being continued in force solely by the provisions of this Section. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this Lease if the wells were producing. If there is more than one well on the Leased Premises or on land pooled with the Leased Premises and one or more of the wells is producing oil or gas in LESSEE's sole opinion, no shut-in payment is owed to LESSOR under this Section 9.

10. **POOLING AND UNITIZATION:** LESSOR grants to LESSEE the right at any time and/or from time to time as deemed necessary or advisable by LESSEE, to pool, unitize, or consolidate the Leased Premises or any part thereof or

INITIALS ADS MA

strata under the Leased Premises with other lands, whether owned by or leased to LESSEE or owned by or leased to others, to form an oil or gas pooled unit for the purpose of drilling and producing a well or wells thereon. Units for wells may not exceed a total of 1,280 acres each in area, unless any governmental entity having jurisdiction prescribes or permits the creation of units larger than those specified, for the drilling or operation of a well to be drilled, drilling or already drilled in which case the unit may be as large as permitted. LESSEE may pool or consolidate acreage covered by this Lease or any portion thereof in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the Lease is pooled or consolidated as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling or consolidation in one or more instances shall not exhaust the rights of LESSEE to pool this Lease or portions thereof into other units. LESSEE shall effect such pooling or consolidation by executing a designation of unit either before or after the drilling of a unit well, with the same formality as this Lease setting forth the leases or portions thereof consolidated, and recording the same in the Recorder's Office at the courthouse in the county in which the Leased Premises is located. LESSEE may, at its election, exercise its pooling rights before or after commencing operations for or completing an oil or gas well on the Leased Premises, and the pooled unit may include, but is not required to include, land or leases upon which a well capable of producing Oil and Gas in paying quantities has been completed or upon which operations for the drilling of a well for Oil and Gas has been commenced. In the event of operations for drilling on or production of Oil and Gas from any part of a pooled unit which includes all or a portion of the Leased Premises regardless of whether such operations were commenced before or after the execution of this instrument or the instrument designating the pooled unit, such operations shall be considered as operations under this Lease whether or not the well or wells are located on the surface of the Leased Premises and, in such event, operations shall be deemed to have been commenced within the meaning of Section 3 of this Lease; and the entire acreage constituting such unit or units, as to Oil and Gas, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this Lease. Any well drilled in said pooled unit whether or not located on the Leased Premises, shall nevertheless be deemed to be located upon Leased Premises within the meaning and for the provisions and covenants of this Lease to the same effect as if all the lands comprising said unit were described in and subject to this Lease and LESSOR agrees to accept, in lieu of the royalty provided in Section 5 of this Lease, that proportion of such royalty which the acreage covered by this Lease and included in such units bears to the total number of acres comprising said pooled unit. If the well in said pooled unit shall be shut in, the shut in royalty provided for in Section 9 shall be payable to LESSOR in the proportion that the acreage of the Leased Premises included in the unit bears to the entire acreage so pooled or consolidated. LESSEE shall have the right to amend, alter, correct, enlarge or diminish the size of any such pooled unit at any time, and from time to time, in the same manner as provided in this Lease.

11. **PROPORTIONATE REDUCTION:** In the event LESSOR owns a lesser interest in the Oil and Gas in the Leased Premises, or any part thereof than the entire and undivided fee simple, then the royalties, shut-in royalty payment and/or all other payments provided for shall be paid to LESSOR only in the proportion which such interest bears to the whole and undivided fee simple estate therein. If the Leased Premises is owned by two or more parties, or the ownership of any interest is transferred by sale, devise or operation of law, the Leased Premises, nevertheless, may be held, developed and operated as an entirety, and the royalties and shut-in royalties provided for in this Lease shall be divided among and paid to such several owners in the proportion that the interest owned by each such owner bears to the entire Leased Premises.

12. **CURATIVE DOCUMENTS:** In the event any of the lands identified on this lease are determined to be inaccurately described or in the event it is determined LESSOR's ownership of said lands is owned in another capacity, other than described on this lease, LESSOR hereby covenants and agrees with LESSEE to execute and deliver such other documents necessary to amend and ratify this lease or take such further actions as LESSEE may reasonably request, to carry out the intent of, and give effect to this Oil & Gas Lease.

13. **LESSOR FURTHER GRANTS:** To LESSEE, the right to reprint and/or retype this lease, or record instruments of correction of this lease, for the sole and only purpose of: 1) more accurately describing the intended property to be leased under the terms of this lease, and 2) reflecting LESSOR's name in this lease in much the same manner as same appears in LESSOR's instrument of ownership, or county tax record identification. LESSEE agrees that any reprinting,

INITIALS

WDS - PMA

retyping, or instruments of correction of this lease shall not change any material part of this lease. LESSOR agrees that the above said changes can be made to this lease, and that the reprinted, retyped, and/or instruments of correction of this lease can be placed of record without the prior written approval of LESSOR. LESSEE agrees to furnish LESSOR with a copy of the reprinted, retyped, and/or instruments of correction of this lease.

14. **ASSIGNMENT RIGHTS/PAYOFF LIENS:** LESSEE shall have the right to assign and transfer this Lease in whole or in part, including by area and/or by depth or strata, at any time and LESSOR waives notice of any assignment or transfer of this Lease. LESSOR agrees that when and if this Lease is assigned, the assigning LESSEE shall have no further obligations to LESSOR except for those accruing prior to the date of the assignment. LESSOR further grants to the LESSEE, for the protection of LESSEE's interest hereunder, the right to pay and satisfy or reduce, upon foreclosure, any judgment claim, lien or mortgage against LESSOR's interest in the Leased Premises capable of divesting LESSEE's rights or interests under this Lease and, upon any such payment, to become subrogated to the rights of such claimant, lien holder or mortgagor, with the right to deduct amounts so paid from all royalties or other payments payable or which may become payable to LESSOR and/or LESSOR's assigns under this Lease.

15. **SURFACE OPERATIONS:**

(A) LESSEE shall repair and restore the surface of the Leased Premises, as a direct result of Lessee's operations, to as close as reasonably practical and possible to the condition in which the Leased Premises existed at the time of the commencement of drilling operations and such restoration and reclamation shall be commenced within one year after the conclusion of completion of operations on any well drilled on the Leased Premises, weather permitting. When required by LESSOR, LESSEE will bury all pipelines below ordinary plow depth or a minimum of 36" below surface depth (unless subsurface conditions prevent such pipeline from being buried at such depth), and no well shall be drilled within 200 feet of any residence, barn or water well now on the Leased Premises without LESSOR's prior consent.

(B) LESSEE agrees to fence all facilities constructed on the Leased Premises and to keep all such fences locked. LESSEE agrees to provide LESSOR with the name and telephone number of a contact person who has the capability of unlocking all fences surrounding facilities on the Leased Premises.

16. **RIGHTS-OF-WAY AND EASEMENTS:**

(A) LESSOR hereby grants and conveys unto LESSEE, its successors and assigns, permanent rights-of-way and easements over, across and through the Leased Premises for the purpose of installation, operation, maintenance, repair and replacement of one or more electric lines, and as well as one or more pipelines for the collection of, gathering, and/or transmission of oil, gas and other hydrocarbons, brines, water and other substances, or facilities, together with rights-of-way for ingress, egress and passage over and across the Leased Premises for the purpose of conducting oil and gas exploration, production, operation, and product transmission activities upon said lands, or upon lands adjacent thereto or in the vicinity thereof. The rights-of-way hereby granted are severable from, and independent of, the oil and gas lease rights herein granted and such rights-of-way or easements shall continue in existence so long as the same are deemed necessary, in the sole discretion of the LESSEE, its successors or assigns, even though the oil and gas lease rights may sooner terminate.

(B) For all pipelines installed on the Leased Premises for the purpose of transporting oil, gas and other hydrocarbons, brines, water and other substances not produced from the Leased Premises or lands pooled or unitized with the Leased Premises, LESSEE agrees to pay LESSOR \$20.00 per linear foot. LESSOR grants to LESSEE a 50 foot width for final Pipeline Right-Of-Way. LESSOR grants to LESSEE an additional construction easement of 40' and at locations such as roads, stream crossings or specific areas which require more difficult procedures, LESSEE shall have such additional space as reasonably necessary or convenient during construction of the pipeline.

(C) LESSEE shall not construct access roads on the Leased Premises that are greater than 25' wide unless otherwise approved by LESSOR in writing. However, LESSEE may use an additional area around the road as needed for stream crossings, turning radius, and road bores. During construction, LESSOR grants to LESSEE an additional construction easement of 50' on each side on the road to be constructed. The location of any roads constructed on the

INITIALS *LESSEE*

Leased Premises shall be consented to by LESSOR, which consent is not to be unreasonably withheld, conditioned or delayed. LESSEE agrees to construct gates for all access roads located on the Leased Premises and to keep all such gates locked when not in use. LESSEE agrees to give LESSOR a key to all locked gates for access roads located on the Leased Premises. LESSEE shall pay LESSOR \$5.00 per linear foot for any permanent road constructed on the Leased Premises, not specifically used for the benefit of LESSOR'S Lease or well unit(s), for ordinary wear and tear caused to the Leased Premises by LESSEE'S activities and operations in full and complete compensation for all damages to the Leased Premises.

(D) LESSOR agrees to cooperate with LESSEE in obtaining any permits, licenses, permissions or approvals, including but not limited to highway access permits, driveway permits and zoning and land use permits (hereinafter "Permits"), which LESSEE deems necessary or convenient to conduct, certify, confirm, evidence, facilitate or effectuate the purpose. LESSEE agrees to join in the application for any such Permits if LESSOR's signature is required in the application process.

17. **LESSOR RESTRICTIONS:** LESSOR agrees not to construct or place any dwellings or structures of any kind within 100 feet of a well, tank battery or other related facility or appurtenance, or on the pipeline easement.

18. **WATER TESTING:** LESSEE shall have LESSOR's current water supply sampled and tested prior to drilling the vertical portion (wellhead) of any well within 2,500 feet of LESSOR's primary water source on the Leased Premises. Should LESSOR experience a material adverse change in the quality of LESSOR's water supply, during or immediately after the completion of LESSEE's drilling operations, within 48 hours of LESSOR's written request, LESSEE shall, sample and test LESSOR's water supply at LESSEE's expense. Should such test reflect a material adverse change as a direct result of LESSEE's drilling operations within 2,500 feet of Lessor's water source on the Leased Premises, LESSEE agrees to provide LESSOR, at LESSEE's sole cost, with potable water until such time as LESSOR's water source has been repaired or replaced, at LESSEE's sole cost, with a source of substantially similar quality.

19. **LESSEE'S RIGHTS:** LESSEE shall have the right to use oil, gas, water, and/or minerals for operating on the Leased Premises or lands pooled therewith and the right at any time during or after the expiration of this Lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the Leased Premises. LESSEE shall have the right to release this Lease or any portion thereof at any time by giving written notice to LESSOR describing the portion which it elects to surrender as to area or depth or formation, or by returning the Lease to LESSOR with the endorsement of surrender thereof, or by recording the release or partial release of this Lease, any of which shall be a full and legal surrender of this Lease as to all of the Leased Premises or such portion thereof as the release shall indicate, and any payments due under this Lease based on net acres shall be reduced in proportion to the acreage surrendered. As to any portion of the Lease or Leased Premises so surrendered, LESSEE shall have reasonable and convenient easements for any existing wells, pipelines, roadways and other facilities on the lands surrendered. LESSOR expressly acknowledges and agrees that there shall be no further covenant to develop the Leased Premises.

20. **EXISTING WELLS EXCEPTED:** LESSOR excepts and reserves from this Lease any and all existing well(s) that may be situated on the Leased Premises. LESSEE shall not be responsible for any liabilities, including environmental or plugging obligations associated with said well(s).

21. **FORCE MAJEURE:** In the event LESSEE is unable to perform any of the acts of LESSEE by reason of force majeure, including but not limited to acts of God, adverse weather conditions, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, the issuance of permits to drill or other governmental orders or moratoriums related to drilling operations, or the inability to obtain a satisfactory market or pipelines or transportation for the sale of production, or the failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within LESSEE's control, this Lease shall remain in full force and effect until LESSEE can reasonably perform said act or acts or to remove the restriction causing the delay and in no event shall this Lease expire for a period of one year after the termination or elimination of such force majeure event.

INITIALS:

CWS - PLS

22. **TOLLING DURING DISPUTE:** LESSOR and LESSEE agree that it is in their mutual interest not to require LESSEE to engage in operations during any period of time during which the validity of the Lease is challenged, contested, or disputed. If any arbitration or judicial proceeding is commenced in which the validity of the Lease is disputed, or if LESSOR takes any action that prevents LESSEE from conducting operations under this Lease or otherwise enjoying the benefits of or complying with the terms of the Lease, then the Primary Term (if still in effect) and/or LESSEE's obligation to conduct operations on the Leased Premises or on lands unitized or pooled therewith, in order for the Lease to continue beyond the Primary Term (if the Primary Term has lapsed), shall be tolled and extended during the pendency of the dispute or judicial proceeding – from its commencement through the resolution of the dispute or, in the case of a judicial proceeding, entry of a final, non-appealable judgment – plus an additional one year from the resolution of the dispute or entry of the final, non-appealable judgment.

23. **INDEMNIFICATION:** LESSEE agrees to indemnify, protect, save harmless and defend LESSOR from and against any loss, claim or expense, including without limitation claims of injury or death to persons or damage to property occurring as a direct result of LESSEE's use of the Leased Premises, except to the extent any such damage or injury is caused in whole or in part by LESSOR's negligence, gross negligence or intentional acts.

24. **NOTICE:** In the event of any default or alleged default by LESSEE in the performance of any of its obligations under this Lease, LESSOR shall notify LESSEE in writing setting out specifically in what respects LESSEE has breached this Lease. LESSEE shall then have 60 days after receipt of said notice within which to dispute such alleged default or to meet or commence to meet all or any part of the default alleged by LESSOR. The service of said notice shall be precedent to the bringing of any actions by LESSOR arising out of or related to this Lease for any cause, and no such action shall be brought until the lapse of 60 days after service of such notice on LESSEE. Neither the service of said notice nor the doing of any acts by LESSEE aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that LESSEE has failed to perform any or all of its obligations under this Lease. All notices to LESSEE provided for in this Lease shall be sent by certified mail return receipt requested to LESSEE at LESSEE's address set forth at the beginning of this Lease.

25. **ARBITRATION:** In the event any disagreement cannot be remedied between the parties, then any settlement shall be determined by a panel of three disinterested arbitrators. The arbitration process shall be initiated by one party sending written notice of arbitration to the other party. Within ten (10) days after receipt of an arbitration notice, Lessor & Lessee shall appoint and be responsible to pay the fee of one arbitrator each, and the two so appointed shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The arbitrators shall determine the procedure to be used for arbitration & shall render their decision within thirty (30) days after appointment of the third arbitrator. The award shall be by unanimous decision of the arbitrators and shall be final. If either party fails to timely appoint its arbitrator or if the two arbitrators appointed fail to appoint a third arbitrator within ten (10) days after their appointment, then either party may make application to any court having jurisdiction over the Leased Premises for the appointment of the last arbitrator.

26. **PREFERENTIAL RIGHT TO LEASE:** In the event LESSOR, during the term of this Lease, receives a bona-fide offer which LESSOR is willing to accept from any party offering to pay LESSOR, within one year of the expiration date of the primary term or any extension of this lease, for an oil and gas lease, oil and gas option, or similar agreement covering all or any portion of the Leased Premises, LESSOR agrees to notify LESSEE in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. LESSEE, for a period of 60 days after receipt of the notice by certified return receipt mail, shall have the prior and preferred right and option to acquire from LESSOR a lease or other rights covering all or part of the Leased Premises at the price and according to the terms and conditions specified in the offer. If LESSEE does not respond within said 60 day notice period, it will be deemed that LESSEE waives its rights with regard to such offer.

27. **PRIOR LEASE PROVISION:** LESSOR warrants that LESSOR is currently receiving production royalties from a Vista Resources, Inc. lease, covering the depths from the surface to 3,000 feet below the surface, for three shallow wells only, which Memorandum of Lease was recorded in the Recorder's Office of Clarion County, Pennsylvania in

INITIALS: *AWD* *PLS*

Instrument No. 2012-0004291. Beyond said Lease, LESSOR is not currently receiving any bonus, delay rental, including storage payments or production royalty or shut-in royalties as the result of the existence of any prior oil and/or gas lease or storage lease covering any or all of the Leased Premises. LESSOR further warrants that there are no current surface operations being conducted upon the Leased Premises in preparation for the drilling of a well upon the Leased Premises and that may be construed as extending the terms of the above said oil and gas lease that covered all or part of the Leased Premises.

LESSOR'S INITIALS AFFIRMING ABOVE STATEMENT: ADS PA

28. **FEE SIMPLE:** LESSOR represents and warrants that they are owner in fee simple of good and marketable title to the oil and gas interest leased pursuant to this lease, subject only to those certain mortgages from LESSOR to Farmer's National Bank of Emlenton (the "Bank"), as follows:

A. Mortgage in the principal amount of \$2,500,000.00 dated April 3, 2006 and recorded in the Recorder's Office of Clarion County, Pennsylvania in Record Book 697, Page 602; and

B. Mortgage in the principal amount of \$3,220,000.00 dated November 24, 2008 and recorded in the Recorder's Office of Clarion County, Pennsylvania in Record Book 775, Page 79.

As to the above mortgages, this Lease is contingent upon the satisfaction of the mortgage recorded at Record Book 697, Page 602 and the subordination of the mortgage recorded at Record Book 775, Page 79 to this Lease. Said Subordination Agreement, to be issued simultaneous with the Bonus Payment and be acceptable to both LESSOR and LESSEE. LESSOR further agrees to sign such additional documents as may be reasonably requested by LESSEE to perfect LESSEE's title to the Oil and Gas leased herein.

29. **SEVERABILITY:** This Lease shall in all circumstances be construed against invalidation, termination, or forfeiture. Failure of payment of rental or royalty on any part of this Lease shall not void this Lease as to any other part. If any provision of this Lease shall be determined to be invalid, illegal, unenforceable or in conflict with the law of any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The parties expressly agree that in the event any provision of this Lease is determined to be invalid, illegal, and unenforceable or in conflict with the law of any jurisdiction, the provision shall be revised in such manner as to be valid, legal, and enforceable.

30. **COUNTERPARTS:** This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be constructed together and shall constitute one Lease. Should fewer than all of the named LESSORS execute this Lease, this Lease shall be binding on only those parties who are signatories.

31. **MEMORANDUM OF LEASE:** LESSEE reserves the right and option to file a Memorandum of Oil and Gas Lease in the County Recorder's Office which will in such event serve as constructive notice of the existence of this Lease.

32. **NO AUTOMATIC TERMINATION OR FORFEITURE:** This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving continuation to the Lease where the circumstances exist to maintain this Lease in effect under any of the alternative mechanism set forth in this Lease.

33. **LEASE ATTACHMENTS:** Exhibits A, B and C are attached to, and incorporated into, this Lease.

INITIALS: ADS PA

IN WITNESS WHEREOF, LESSORS have set their hands to this Lease. Signed and acknowledged in the presence of:

LESSOR(S)

By: Arthur D. Steffee
Arthur D. Steffee

By: Patricia A. Steffee
Patricia A. Steffee

INDIVIDUAL ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF CLARION

On this, the 13th day of October, 2014 before me, Rodney B. Stauffer, the undersigned officer, personally appeared Arthur D. Steffee and Patricia A. Steffee, husband & wife, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Rodney B. Stauffer
Notary Public

INITIALS: ADS PAS

ADDITIONAL ADDENDUMS – EXHIBIT A

34. **CROP DAMAGES:** Any and all damages to LESSOR'S crops or LESSOR'S tenant's crops, as the case may be, caused by LESSEE'S operations upon Leased Premises, shall be paid for by LESSEE based on current market value in the area for the type of cultivated crops being grown at the time of disturbance. Crop damages are to be paid to the LESSOR after an assessment is completed to determine the amount of those damages.

35. **TIMBER REMOVAL & DAMAGES:** In the event LESSEE determines it must remove any marketable timber from the Leased Premises in order to accommodate any of its surface operations thereon, it shall notify LESSOR at least 10 days prior to the time LESSEE wishes to commence the removal of that marketable timber. Any of the marketable timber that is planned to be removed will be properly flagged and marked by LESSEE by the time of notification in order to allow LESSOR to decide if it will want to have that timber removed on its own behalf or if it will allow LESSEE to proceed to have it removed. Should LESSOR choose not to have such marketable timber removed, LESSEE may proceed to remove the timber and LESSEE shall then pay LESSOR the market value of the marketable timber as determined by an independent timber appraiser. In that event, the marketable timber shall become the property of the LESSEE and removed from the Leased Premises or LESSOR may request LESSEE stack the marketable timber on the Leased Premises at a mutually agreeable location and in reasonable proximity to the construction site and permit area of disturbance and said marketable timber shall remain the property of LESSOR.

36. **LICENSE TO INSTALL NATURAL GAS DELIVERY METERS AND TAP SITE:** In addition to all other rights granted to LESSEE under this Lease, LESSOR hereby grants to LESSEE the right to install natural gas delivery meters and a tap site on the Leased Premises at a location approved by LESSOR for the delivery of natural gas from a pipeline crossing the Leased Premises capable of supplying natural gas to the structures and improvements located on the Leased Premises. LESSOR's approval of the location of the delivery meters and tap site may not be unreasonably withheld, conditioned or delayed. In consideration of the grant of the foregoing license, LESSEE agrees to pay to LESSOR the license fee set forth on Exhibit B to this Lease. The construction of any tap at the wellhead and installation of delivery meters, and the delivery and sale of natural gas to LESSOR, will be governed by separate agreements between LESSOR and LESSEE.

In the event that the wells drilled on LESSOR'S property are not economic enough to justify the installation of a large pipeline then LESSEE and LESSOR will work together to prepare separate agreements for the construction of a tap at the wellhead and installation of delivery meters to deliver ~~and sell~~ the natural gas to LESSOR.

37. **NO DRILLING:** No well shall be drilled on the "Nowotny" Tract, Tax ID Number 26-011-003-002, which LESSOR now resides, without the prior written consent of the LESSOR. LESSEE may drill under said tract to produce and take oil and gas therefrom.

CONFIDENTIAL EXHIBIT B

Thank you for tendering the attached Oil and Gas Lease (the "Lease") to Laurel Mountain Appalachia, LLC ("Lessee"). Lessee pays an initial \$10.00 payment to each property owner as consideration for executing the Lease. After the Lease has been properly executed by each interest owner and Laurel Mountain Appalachia's representative completes a title review at the courthouse of the county in which your land is located, the Lease is submitted to Laurel Mountain Appalachia's management for approval.

The Lease is reviewed to ensure that the proper persons have appropriately executed the Lease, that the oil and gas rights are intact and owned by the Lessor(s), the land covered by the Lease remain desirable to Lessee, and determine the status of any other oil or gas leases that may be active on the Leased Premises (a certified title examination is usually completed by a title attorney prior to drilling). The title examiner then submits the results of the title review along with the Lease and a detailed map of the Leased Premises to Lessee for processing and approval.

The Lease is then further reviewed by a member of Lessee's Land Administration Department. The property is placed on Lessee's land maps and the Lease information is input into Lessee's computer system. Lessee's management then reviews the Lease terms and conditions and, if approved, its Accounting Department is instructed to make the appropriate Lease payments, as they come due.

Laurel Mountain Appalachia, LLC hereby agrees to pay the following oil and gas owner the amount set forth below, SUBJECT TO: 1) review and approval of title, and 2) Lessee's management approval.

\$1,500.00 PER NET ACRE (the "Lease Bonus"), TO BE ISSUED ON OR BEFORE 120 BANKING DAYS FROM THE EFFECTIVE DATE OF THIS LEASE; IN THE EVENT THAT LESSEE DOES NOT ACCEPT THIS LEASE BY THE 120TH BANKING DAY FROM EXECUTION BY LESSOR(S), THE LEASE IS NOT ACCEPTED AND SHALL NOT BE BINDING ON LESSEE OR LESSOR(S), AND LESSEE SHALL HAVE NO OBLIGATION TO PAY THE AFORESAID AMOUNT, AND THIS LEASE WILL BE NULL AND VOID AND RETURNED TO LESSOR AND LESSEE SHALL PROMPTLY RELEASE ANY MEMORANDUM OF LEASE FILED BY IT COVERING THE LEASE.

\$500.00 PER NET ACRE (the "License Fee") PROVIDED FOR UNDER SECTION 36 OF THE LEASE (ADDENDUM, EXHIBIT A), TO BE PAID CONCURRENTLY WITH ,AND SUBJECT TO THE SAME TERMS AND CONDITIONS AS, THE LEASE BONUS PAYABLE ABOVE.

LEASE EXECUTION DATE: OCTOBER 13, 2014

LEASE PAYMENT DATE ON OR BEFORE: APRIL 3rd, 2015 (120 banking days from the Lease Effective Date of the last LESSOR signing lease)

LANDMAN:

LESSOR(S):

By: Arthur D. Steffee
Arthur D. Steffee

By: Patricia A. Steffee
Patricia A. Steffee

INITIALS: ADS PMS

ADDITIONAL PARCELS - EXHIBIT C

<u>Lot No.</u>	<u>Tax Parcel No.</u>	<u>Recording Date</u>	<u>Deed Book / Page</u>
244	26-01.1-004-000	09-22-1976	246 / 546
022	26-01.1-053-000	04-20-1972	217 / 872
238	26-01.1-010-000	04-10-1972	217 / 872
228	26-01.1-018-000	04-27-1973	224 / 568
208	26-01.1-031-000	09-02-1975	239 / 310
R-1	26-01.1-036-000	01-05-1970	207 / 416
R-2	26-01.1-037-000	01-05-1970	207 / 421
R-3	26-01.1-038-000	01-05-1970	207 / 426
R-4	26-01.1-039-000	01-05-1970	207 / 431
R-5	26-01.1-040-000	01-05-1970	207 / 436
R-6	26-01.1-041-000	01-05-1970	207 / 441
R-7	26-01.1-042-000	01-05-1970	207 / 446
R-8	26-01.1-043-000	01-05-1970	207 / 451
10 & 11	26-01.1-044-000		273 / 717
12	26-01.1-045-000	08-30-1974	233 / 082
R-17	26-01.1-048-000	05-18-1970	208 / 905
R-24	26-01.1-055-000		425 / 798
R-26	26-01.1-057-000	10-08-1969	207 / 048
056	26-01.1-068-000	10-29-1982	287 / 397
014	26-01.1-046-000	09-28-1993	413 / 911

In process of obtaining title to:

G-240		396 / 761
G-247		396 / 759
<u>239</u>		211 / 160

INITIALS: ADS PAS

ADDITIONAL PARCELS - EXHIBIT C

<u>Lot No.</u>	<u>Tax Parcel No.</u>	<u>Recording Date</u>	<u>Deed Book / Page</u>
244	26-01.1-004-000	09-22-1976	246 / 546
022	26-01.1-053-000	04-20-1972	217 / 872
238	26-01.1-010-000	04-10-1972	217 / 872
228	26-01.1-018-000	04-27-1973	224 / 568
208	26-01.1-031-000	09-02-1975	239 / 310
R-1	26-01.1-036-000	01-05-1970	207 / 416
R-2	26-01.1-037-000	01-05-1970	207 / 421
R-3	26-01.1-038-000	01-05-1970	207 / 426
R-4	26-01.1-039-000	01-05-1970	207 / 431
R-5	26-01.1-040-000	01-05-1970	207 / 436
R-6	26-01.1-041-000	01-05-1970	207 / 441
R-7	26-01.1-042-000	01-05-1970	207 / 446
R-8	26-01.1-043-000	01-05-1970	207 / 451
10 & 11	26-01.1-044-000		273 / 717
12	26-01.1-045-000	08-30-1974	233 / 082
R-17	26-01.1-048-000	05-18-1970	208 / 905
R-24	26-01.1-055-000		425 / 798
R-26	26-01.1-057-000	10-08-1969	207 / 048
056	26-01.1-068-000	10-29-1982	287 / 397
014	26-01.1-046-000	09-28-1993	413 / 911

In process of obtaining title to:

G-240	26-01.1-008-000	07-15-1992	396 / 761
G-247	26-01.1-013-000	07-15-1992	396 / 759
239	26-01.1-009-000	11-11-1970	211 / 160

MEMORANDUM OF OIL & GAS LEASE

THIS MEMORANDUM OF OIL & GAS LEASE ("Memorandum"), dated this 13th day of October, 2014, by and between, Arthur D. Steffee and Patricia A. Steffee, husband & wife, Address: P. O. Box 349, Foxburg, PA 16036, herein called Lessor, and Laurel Mountain Appalachia, LLC, 61 McMurray Road, Suite 300, Pittsburgh, PA 15241, hereinafter called Lessee, WITNESSETH:

1. For and in consideration of \$10.00 and other good and valuable consideration paid and to be paid by Lessee to Lessor, and in further consideration of the rents reserved and the covenants and conditions more particularly set forth in that certain Oil and Gas Lease dated October 13th, 2014 (the "Lease"), between Lessor and Lessee, commencing October 13th, 2014 (the "Commencement Date"), does hereby grant, demise, lease and let exclusively unto Lessee the following described premises: Said land is situate in Richland Township, Clarion County, Commonwealth of Pennsylvania, Tax Parcel Number(s): 26-011-002, 26-011-003, 26-011-003-001, 26-011-003-002, 26-011-001, 26-010-143, 26-010-142, 26-010-141, 09-010-002, 09-010-135 (inclusive) being all the property owned by Lessor or to which the Lessor may have any rights in said Township or adjoining Townships, containing one-thousand sixty-three and two hundred five thousandths (1,163.205) acres, more or less, and being the property described in Deed Book/Page No.'s; DB/P - 484/835 (Cubbon, 1076 acres), DB/P - 484/831 (Nowotny, 23.75 acres), DB/P - 622/694 (Boodley et al, 12.8 acres), DB/P - 0505/1076 (Foxview Manor, of the Clarion County Record of Deeds (the "Leased Premises").

2. TO HAVE AND TO HOLD the Leased Premises for a term of six years commencing on the Effective Date, which term may be extended for an additional four year period after the expiration of the initial six year primary term, pursuant to Section 3(B) of the Lease, said Lease extension period expiring at the end of the 10th year of the Effective Date of the primary term, and so much longer thereafter oil, gas and other hydrocarbons are produced or are capable of being produced on the Premises, or as the Premises shall be operated by Lessee in the search of oil, gas and other hydrocarbons as further set forth in the Lease, unless earlier terminated in accordance with the terms and provisions of the Lease.

3. The rental, covenants, provisions and conditions of the Memorandum shall be the same as the rental, covenants, provisions and conditions set forth in the Lease to which rental, covenants, provisions and conditions reference is hereby made and the same are hereby incorporated by reference as though fully written herein.

4. In the event the Lease is in the future amended or supplemented by written instrument executed by the parties in interest thereto or shall be assigned or terminated in any manner permitted under the terms thereof, then without any further act or instrument whatsoever, this Memorandum shall likewise and to the same effect be amended, assigned or terminated, as the case may be.

5. This Memorandum is executed in simplified short form for the convenience of the parties and for the purpose of recording the same and this Memorandum shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same or now or may hereafter be in force and effect.

INITIALS:

ADS - PA

MEMORANDUM OF OIL & GAS LEASE

THIS MEMORANDUM OF OIL & GAS LEASE ("Memorandum"), dated this 13th day of October, 2014, by and between, Arthur D. Steffee and Patricia A. Steffee, husband & wife, Address: P. O. Box 349, Foxburg, PA 16036, herein called Lessor, and Laurel Mountain Appalachia, LLC, 61 McMurray Road, Suite 300, Pittsburgh, PA 15241, hereinafter called Lessee, WITNESSETH:

1. For and in consideration of \$10.00 and other good and valuable consideration paid and to be paid by Lessee to Lessor, and in further consideration of the rents reserved and the covenants and conditions more particularly set forth in that certain Oil and Gas Lease dated October 13th, 2014 (the "Lease"), between Lessor and Lessee, commencing October 13th, 2014 (the "Commencement Date"), does hereby grant, demise, lease and let exclusively unto Lessee the following described premises: Said land is situate in Richland Township, Clarion County, Commonwealth of Pennsylvania, Tax Parcel Number(s): 26-011-002, 26-011-003, 26-011-003-001, 26-011-003-002, 26-011-001, 26-010-143, 26-010-142, 26-010-141, additional parcels (EXHIBIT C), being all the property owned by Lessor or to which the Lessor may have any rights in said Township or adjoining Townships, containing one-thousand sixty-three and two hundred five thousandths (1,163.205) acres, more or less, and being the property described in Deed Book/Page No.'s; DB/P - 484/835 (Cubbon, 1076 acres), DB/P - 484/831 (Nowotny, 23.75 acres), DB/P - 622/694 (Boodley et al, 12.8 acres), DB/P - 0505/1076 (Foxview Manor, of the Clarion County Record of Deeds (the "Leased Premises")).

2. TO HAVE AND TO HOLD the Leased Premises for a term of six years commencing on the Effective Date, which term may be extended for an additional four year period after the expiration of the initial six year primary term, pursuant to Section 3(B) of the Lease, said Lease extension period expiring at the end of the 10th year of the Effective Date of the primary term, and so much longer thereafter oil, gas and other hydrocarbons are produced or are capable of being produced on the Premises, or as the Premises shall be operated by Lessee in the search of oil, gas and other hydrocarbons as further set forth in the Lease, unless earlier terminated in accordance with the terms and provisions of the Lease.

3. The rental, covenants, provisions and conditions of the Memorandum shall be the same as the rental, covenants, provisions and conditions set forth in the Lease to which rental, covenants, provisions and conditions reference is hereby made and the same are hereby incorporated by reference as though fully written herein.

4. In the event the Lease is in the future amended or supplemented by written instrument executed by the parties in interest thereto or shall be assigned or terminated in any manner permitted under the terms thereof, then without any further act or instrument whatsoever, this Memorandum shall likewise and to the same effect be amended, assigned or terminated, as the case may be.

5. This Memorandum is executed in simplified short form for the convenience of the parties and for the purpose of recording the same and this Memorandum shall not have the effect of in any way modifying, supplementing or abridging the Lease or any of its provisions as the same or now or may hereafter be in force and effect.

6. This Lease may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be construed together and shall constitute one Lease. Should less than all of the named Lessors execute this Lease, this Lease shall be binding on only those who are signatories thereto.

IN WITNESS WHEREOF the Lessors have hereunder set their hands. Signed and acknowledged in the presence of:

LESSOR(S)

LESSEE:

By: Arthur D. Steffee
Arthur D. Steffee

Laurel Mountain Appalachia, LLC

By: Patricia A. Steffee
Patricia A. Steffee

Rodney B. Stauffer
By: Rodney B. Stauffer
Its: Vice President, Land

INDIVIDUAL ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF CLARION

On this, the 13th day of October, 2014, before me, Rodney B. Stauffer, the undersigned officer, personally appeared Arthur D. Steffee and Patricia A. Steffee, husband & wife, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Rodney B. Stauffer
Notary Public

INITIALS: ADS - PAS


LIMITED LIABILITY COMPANY ACKNOWLEDGEMENT

COMMONWEALTH OF PENNSYLVANIA

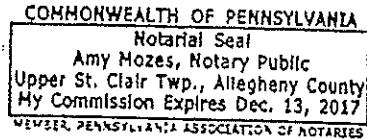
COUNTY OF

On this, the 13th day of October, 2014, before me Amy Mozes
the undersigned officer, personally appeared Rodney B. Stauffer, who acknowledged himself to be Vice President, Land of Laurel Mountain Appalachia, LLC, a Pennsylvania limited liability company and that he as such, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the company by himself as Vice President, Land.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public



INITIALS RS. RM

ADDITIONAL PARCELS - EXHIBIT C

<u>Lot No.</u>	<u>Tax Parcel No.</u>	<u>Recording Date</u>	<u>Deed Book / Page</u>
244	26-01.1-004-000	09-22-1976	246 / 546
022	26-01.1-053-000	04-20-1972	217 / 872
238	26-01.1-010-000	04-10-1972	217 / 872
228	26-01.1-018-000	04-27-1973	224 / 568
208	26-01.1-031-000	09-02-1975	239 / 310
R-1	26-01.1-036-000	01-05-1970	207 / 416
R-2	26-01.1-037-000	01-05-1970	207 / 421
R-3	26-01.1-038-000	01-05-1970	207 / 426
R-4	26-01.1-039-000	01-05-1970	207 / 431
R-5	26-01.1-040-000	01-05-1970	207 / 436
R-6	26-01.1-041-000	01-05-1970	207 / 441
R-7	26-01.1-042-000	01-05-1970	207 / 446
R-8	26-01.1-043-000	01-05-1970	207 / 451
10 & 11	26-01.1-044-000		273 / 717
12	26-01.1-045-000	08-30-1974	233 / 082
R-17	26-01.1-048-000	05-18-1970	208 / 905
R-24	26-01.1-055-000		425 / 798
R-26	26-01.1-057-000	10-08-1969	207 / 048
056	26-01.1-068-000	10-29-1982	287 / 397
014	26-01.1-046-000	09-28-1993	413 / 911

In process of obtaining title to:

G-240	26-01.1-008-000	07-15-1992	396 / 761
G-247	26-01.1-013-000	07-15-1992	396 / 759
239	26-01.1-009-000	11-11-1970	211 / 160