

Form US 1180

THIS AGREEMENT, made and entered into this 4th day of Aug, A.D. 19 81, by and between George & Lillian Houghton 7 Valley View Ave. Hallsdale Pa. 15822, hereinafter called the Lessor and OHIO OIL & GAS, R.D. NO. 1, FOWLER, OHIO 44418 the Lessee

1 WITNESSETH That the said Lessor in consideration of the sum of one dollar, the receipt of which is hereby acknowledged and of the covenants and agreements herein contained, does hereby grant unto the Lessee all of the oil and gas and/or the constituents of either in and under the lands hereinafter described, together with the exclusive rights to drill for produce and market oil and gas and their constituents and also the right to enter thereon at all times for the purpose of drilling and operating for oil, gas and water and to transport from across and through said lands oil and gas and their constituents from the subject and other lands and to possess, use and occupy so much of said premises as is necessary and convenient in removing or transporting across said lands the above named products by pipe lines or otherwise for a term of ten (10) years and so much longer thereafter as oil, gas or their constituents are produced in paying quantities thereon or operations are maintained on all of that certain tract of land situated in

Sec No 3 E-177-21 Town of Harmony County of Susquehanna

and State Penn bounded substantially as follows

On the North by the lands of Tell

On the East by the lands of Rockwell

On the South by the lands of D. Clough - Ferraro

On the West by the lands of Harzell

containing one hundred eighty eight (188) acres, more or less, being all the land owned by Lessor in said Township, provided, however, that if at the termination of said term, either primary or extended, there is a well in process of being drilled on said lands, then this lease shall continue in force so long as the drilling of such well is continued with reasonable diligence and so much longer thereafter as oil or gas or their constituents are found on said premises in paying quantities, in the judgement of the Lessee. It being understood, however, that no well shall be drilled within 2 hundred feet of the barn or dwelling on said premises without the consent of Lessor

2 In consideration of the premises the said parties covenant and agree as follows: Lessee to deliver to the credit of the Lessor in tanks or pipe lines one-eighth ($\frac{1}{8}$) of the oil produced and saved from the premises, Lessor to receive the field market price per thousand cubic feet for one-eighth ($\frac{1}{8}$) of all gas marketed from said premises, and the same to be paid for on or before the 20th day of the month following in which same is marketed.

3 Lessee to commence a well on said premises within twelve months from this date or pay to Lessor one hundred eighty eight Dollars (\$ 188.00) each year, payable quarterly thereafter until said well is commenced or this lease surrendered but the completion of a well upon said lands unproductive of oil or gas in paying quantities shall be considered as the equivalent of and regarded as the tender of delay rentals for a period of one year thereafter and in no event shall the written lease expire before one year after the drilling of a dry hole regardless of the primary term provided for in the written lease. In the event gas can be produced but due to a lack of transmission facilities or lack of refining facilities same cannot be marketed, Lessee shall pay or tender annually at the end of each yearly period during which such gas is not sold or used, as royalty, an amount equal to the delay rental provided in paragraph #3 hereof and while said royalty is so paid or tendered this lease shall be held as a producing lease under paragraph #1 hereof. This lease shall become null and void for failure to pay rental for any period when same becomes due and payable provided however that Lessee or his assigns is given 10 days written notice of his failure to pay said rentals and they are not paid within said 10 days

4 Lessee shall bury when so requested by Lessor all pipe lines used to transport gas or oil off or across the premises and pay all damages caused by operations under this lease said damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons one thereof to be appointed by the Lessor, one by the Lessee and the third by the two so appointed as foresaid, and the award to such three persons shall be final and conclusive

5 Lessor may lay a line to any gas well on said lands and take gas produced from said well for use for light and heat in one dwelling house on said land at Lessor's own risk, subject to the use and the right of abandonment of the well by the Lessee. The first two hundred thousand cubic feet of gas taken in each year shall be free of cost but all gas in excess of two hundred thousand cubic feet taken in each