

STATE OF NEW YORK
SUPREME COURT COUNTY OF BROOME

RPC RESOURCES, LLC
P.O. Box 688
Binghamton, New York

Plaintiff,

vs.

**FIRST
AMENDED
SUMMONS**

Index No. 2008-1968

K.D. LAND, LLC and DELAWARE HIGHLANDS
CONSERVANCY, INC.
MILLENNIUM PIPELINE COMPANY, LLC.,
COLUMBIA GAS TRANSMISSION CORPORATION,
BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY
and CHESAPEAKE APPALACHIA, LLC.

Defendants.

RECEIVED

OCT 08 2008

BROOME COUNTY CLERK

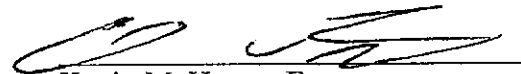
TO THE ABOVE NAMED DEFENDANTS:

YOU ARE HEREBY SUMMONED to answer the First Amended and Supplemental Verified Complaint in this action and to serve a copy of your Answer, or, if the Complaint is not served with this Summons to serve a notice of appearance, on the Plaintiff's attorney within twenty (20) days after the service of this Summons, exclusive of the day of service (or within 30 days after the service is complete if this Summons is not personally delivered to you within the State of New York); and in case of your failure to appear or answer, judgment will be taken against you by default for the relief demanded herein.

Venue is based on plaintiff's residence in Broome County.

Dated: September 17, 2008

PHILLIPS LYTTLE LLP



Kevin M. Hogan, Esq.
Chad W. Flansburg, Esq.
Attorneys for Plaintiff
1400 First Federal Plaza
Rochester, New York 14614
(585) 238-2000

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ATTORNEYS

ROCHESTER, NY

STATE OF NEW YORK
SUPREME COURT COUNTY OF BROOME

RPC RESOURCES, LLC

Plaintiff,

vs.

**FIRST AMENDED
AND SUPPLEMENTAL
VERIFIED
COMPLAINT**

Index No. 2008-1968

K.D. LAND, LLC,
DELAWARE HIGHLANDS CONSERVANCY, INC.,
MILLENNIUM PIPELINE COMPANY, LLC,
COLUMBIA GAS TRANSMISSION CORPORATION,
BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
and CHESAPEAKE APPALACHIA, LLC.

Defendants.

The plaintiff, RPC Resources, LLC, by and through its attorneys, Phillips Lytle, LLP, complains of defendants and alleges as follows:

1. This action is brought pursuant to N.Y. Real Property Actions and Proceedings Law Article 15 to compel the determination of claims to real property described in this complaint.

PARTIES

2. At all times mentioned in this complaint, the plaintiff RPC Resources, LLC (hereafter "RPC") is a domestic Limited Liability Company organized and doing business under the laws of the State of New York, with a mailing address of P.O. Box 688, Binghamton, New York.

3. At all times mentioned in this complaint, defendant K.D. Land, LLC (hereafter "KDL") is a domestic Limited Liability Company organized and doing

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business under the laws of the State of New York, with a mailing address of 57 Reitz Boulevard, Suite 100, Lewisburg, Pennsylvania.

4. At all times mentioned in this complaint, defendant Delaware Highlands Conservancy, Inc. (hereafter "Highlands") is a Pennsylvania not-for-profit corporation registered in New York State, with a mailing address of P.O. Box 218, Hawley, Pennsylvania.

5. At all times mentioned in this complaint, defendant Millennium Pipeline Company, L.L.C. (hereafter "Millennium Pipeline") is a Delaware limited liability company with a mailing address at P.O. Box 1565, Pearl River, New York 10965.

6. At all times mentioned in this complaint, defendant Columbia Gas Transmission Corporation (hereafter "Columbia Gas") is a corporation with a mailing address at P.O. Box 1273, Charleston, West Virginia 25325.

7. At all times mentioned in this complaint, defendant Broome County Industrial Development Agency (hereafter "BCIDA") is a public benefit corporation of the State of New York with an address at 44 Hawley Street, Binghamton, New York 13902.

8. At all times mentioned in this complaint, defendant Chesapeake Appalachia, LLC (hereafter "Chesapeake Appalachia") is an Oklahoma limited liability company with a mailing address of P.O. Box 6070, Charleston, West Virginia 25362-0070.

FACTUAL BACKGROUND

9. KDL is the owner in fee simple of certain real property in the Towns of Windsor and Sanford, County of Broome and State of New York (hereafter referred to as

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the "1400 Acre Premises") to which it acquired title from RPC by Deed dated April 19, 2005, and recorded on April 19, 2005, in Book of Deeds 02106 at page 0189, in the office of the Clerk of the County of Broome ("Deed").

10. The 1400 Acre Premises are more particularly described in the true and accurate copy of the Deed which is attached hereto and made a part hereof as **Exhibit A**.

11. Under the Deed, RPC reserved from the conveyance to KDL certain minerals and mineral and mining rights granted and covered under a mining permit then held by RPC for land found within the 1400 Acre Premises known as the Myers Quarry ("the Myers Quarry Permit").

12. In December of 2005, KDL and RPC entered into a written Lease Agreement, wherein RPC leased from KDL additional mining rights, including the right to exclusively mine all minerals, including oil and gas, at the Myers Quarry and the right to expand mining operations outside of the Myers Quarry to the remainder of the 1400 Acre Premises, and to any Excess Leased Premises defined in the Lease Agreement.

13. The Lease Agreement was recorded on December 22, 2005, in Book of Deeds 02133 at page 0580, in the office of the Clerk of the County of Broome.

14. A true and accurate copy of said Lease Agreement is attached hereto and made a part hereof as **Exhibit B**.

15. Under the Lease Agreement, the term of RPC's leasehold interests shall be until the Myers Quarry Permit, including any renewal, modification or extension thereof, is no longer enforceable. The Myers Quarry Permit remains enforceable and, by renewal, extension or modification, will remain enforceable for a time period greater than five years.

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16. Section 7 of the Lease Agreement, entitled Expansion of Mining Operations, provides that RPC can expand mining operations outside of the Myers Quarry and to the 1400 Acre Premises and any Excess Leased Premises (as defined in the Lease) for a stipulated one time payment of \$5,000.00 per acre for Additional Leased Premises which are part of the 1400 Acre Premises and for no additional consideration for use of any Excess Leased Premises.

17. Section 10 of the Lease Agreement provides that RPC is required to pay all costs associated with obtaining any permits and licenses necessary to conduct mining operations. KDL agreed to sign all documents and consents relating to such mining permits, and granted to RPC a limited power of attorney to execute any modifications or other documents related to such mining permits.

18. On December 29, 2005, seven (7) days after the Lease Agreement was recorded, KDL and Highlands entered into a Deed of Conservation Easement (hereafter "Easement") that also pertains to most of the 1400 Acre Premises.

19. The Easement was recorded on December 29, 2005, in Book of Deeds 02134 at page 0486, in the office of the Clerk of the County of Broome.

20. A true and accurate copy of the Easement is attached hereto and made a part hereof as **Exhibit C**.

21. The purpose of the Easement is to conserve the important conservation values of the property including to protect and preserve the rural and scenic quality of the property.

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22. The Easement covers approximately 1,234 acres, many or all of which are situated within the 1400 Acre Premises where RPC's mining operations may be expanded pursuant to the Lease Agreement.

23. Although the Easement specifically refers to the Deed in its opening Whereas Clause, it makes no reference to the Lease Agreement.

24. Paragraph 3.5 of the Easement provides that "[t]here shall be no excavation or removal of topsoil, sand, gravel, rocks or minerals, in any manner except as may be reasonably necessary and incidental to carrying out the improvements and uses permitted on this Property by this Conservation Easement."

25. Paragraph 7.14 of the Easement provides that the provisions of the Easement shall run with the property in perpetuity and shall bind and be enforceable against the grantors and all future owners and any party entitled to possess or use the property.

26. On February 23, 2007, KDL and Millennium Pipeline entered into a license for temporary road use (hereinafter the "Temporary License") that pertains to a portion of the 1400 Acre Premises.

27. The Temporary License was recorded on March 2, 2007, in Book of Deeds 02180 at Page 0694, in the Office of the Clerk of the County of Broome.

28. A true and accurate copy of the Temporary License is attached hereto and made a part hereof as **Exhibit D**.

29. Pursuant to the Temporary License, Millennium Pipeline received the right to open, repair, maintain and use a new and/or existing roadway, according to a route described in the Temporary License, for access to an existing pipeline that traverses

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the 1400 Acre Premises and for the purpose of replacing that pipeline facility. According to the Temporary License, it shall be in effect until the completion of that pipeline replacement or December 31, 2010, whichever is sooner.

30. On February 23, 2007, KDL and Columbia Gas entered into an Amendment to Right-of-Way Agreement (hereinafter the "Amended Right-of-Way"), that pertains to a portion of the 1400 Acre Premises.

31. The Amended Right-of-Way was recorded on March 20, 2007, in Book of Deeds 02182 at Page 0454, in the Office of the Clerk of the County of Broome.

32. A true and accurate copy of the Amended Right-of-Way is attached hereto and made a part hereof as **Exhibit E**.

33. Pursuant to the Amended Right-of-Way, KDL agreed to increase the width of an existing right-of-way, first created in 1954, that traverses the 1400 Acre Premises. KDL also conveyed an additional temporary easement to enable Columbia Gas to engage in the activities necessary to install an additional pipeline alongside the existing pipeline that is present on the original right-of-way.

34. On September 6, 2007, Millennium Pipeline entered into a Lease Agreement with Broome County Industrial Development Agency (hereinafter the "BCIDA Lease") concerning certain real property, including the Amended Right-of-Way owned by its affiliate, Columbia Gas.

35. A Memorandum of the BCIDA Lease was recorded on September 10, 2007, in Book of Deeds 02202 at Page 0155 in the Office of the Clerk of the County of Broome.

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36. A true and accurate copy of the Memorandum of the BCIDA Lease is attached hereto and made a part hereof as **Exhibit F**.

37. Also on September 6, 2007, Millennium Pipeline entered into a Leaseback Agreement with Broome County Industrial Development Agency (hereinafter the "BCIDA Leaseback") concerning certain real property, including the Amended Right-of-Way owned by its affiliate, Columbia Gas.

38. A Memorandum of the BCIDA Leaseback was recorded on September 10, 2007, in Book of Deeds 02202 at Page 0177 in the Office of the Clerk of the County of Broome.

39. A true and accurate copy of the Memorandum of the BCIDA Leaseback is attached hereto and made a part hereof as **Exhibit G**.

40. On June 6, 2008, KDL executed a Notice of Expansion of Mining Operations by RPC (hereinafter "Notice of Expansion"), which is dated as of April 17, 2008, with respect to two (2) one (1) acre parcels of Additional Leased Premises (as that term is defined in the Lease) within the 1400 Acre Premises. The Notice of Expansion was recorded on June 20, 2008, in Book of Deeds 02231 at Page 0122, in the Office of the Clerk of the County of Broome.

41. A true and accurate copy of said Notice of Expansion is attached hereto and made a part hereof as **Exhibit H**.

42. A Notice of Pendency was filed and recorded on July 18, 2008, in Misc. Records 00188 at Page 0967 in the Office of the Clerk of the County of Broome.

43. A true and accurate copy of the Notice of Pendency is attached hereto and made a part hereof as **Exhibit I**.

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44. On February 13, 2008, Chesapeake Appalachia entered into a "Paid-Up Oil and Gas Lease" with KDL (hereinafter the "Paid-Up Lease"), wherein Chesapeake Appalachia attempted to exclusively lease from KDL all the oil and gas underlying the land leased, together with other rights as may be necessary or convenient for Chesapeake Appalachia to explore, develop, produce, measure and market production from the land leased and adjoining lands.

45. The land purportedly leased by Chesapeake Appalachia pursuant to the Paid-Up Lease covers many or all of the 1400 Acre Premises where RPC's mining operations may be exclusively expanded pursuant to the Lease Agreement.

46. The Paid-Up Lease was recorded on August 26, 2008, in Book of Deeds 02241 at page 351, in the office of the Clerk of the County of Broome.

47. A true and accurate copy of the Paid-Up Lease" is attached hereto and made a part hereof as **Exhibit J**.

NATURE OF DISPUTE

48. RPC intends to expand mining operations outside of the Myers Quarry to all or part of the 1400 Acre Premises and any Excess Leased Premises pursuant to the Lease Agreement.

49. It appears from the public records that defendants might claim an estate or interest in the real property adverse to that of RPC's interest in expanding mining operations pursuant to the Lease Agreement.

50. RPC commences this action to compel a determination of its right to expand mining operations to all or part of the 1400 Acre Premises and any Excess Leased Premises.

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51. Any estate or interest claimed, or which may be claimed, by the defendants, that is contrary to RPC's rights to exclusively mine all minerals within all or part of the 1400 Acre Premises or any Excess Leased Premises, is invalid and ineffective as against the estate and interest of RPC.

52. All defendants are known and none are or might be an infant, mentally retarded, mentally ill, or an alcohol or drug abuser. Upon information and belief, there is no person, not in being, or not ascertained at the time of the commencement of this action, who, by contingency contained in a devise or grant or otherwise, could afterward become entitled to a beneficial estate or interest in the property involved in this action. Any judgment rendered herein will not, and may not, affect any such person, not in being, or not ascertained at the time of the commencement of this action. Every person in being who now has, or might be entitled to, a beneficial estate or interest, in the premises, on the happening of any contingency contained in a devise or grant or otherwise, is made a part of this action.

53. Upon information and belief, no personal claim is made against any defendant, unless it shall assert a claim adverse to the claim of the plaintiff as set forth in the complaint herein.

WHEREFORE, plaintiff demands judgment against defendants as follows:

(a) That the defendants and all persons claiming under them be forever barred: (i) of all claims to an estate or interest in the 1400 Acre Premises contrary to the rights reserved by RPC in the Deed, and (ii) for the term of the Lease Agreement, of all claims to an estate or interest in the lands leased by KDL to RPC which are contrary to the rights in the Lease Agreement; RPC's rights in the Lease Agreement, specifically

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including without limitation all mineral rights within all portions of the 1400 Acre Premises and any Excess Leased Premises where exclusive mining operations may occur or to which exclusive mining operations may be expanded;

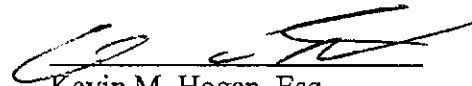
(b) That it be adjudged and finally determined that the plaintiff be able to exclusively expand mining operations within the Myers Quarry to all minerals, and outside the Myers Quarry and within the 1400 Acre Premises and any Excess Leased Premises to all minerals, for the duration of the Lease Agreement;

(c) That plaintiff recover the costs, disbursements and allowances against the defendants; and

(d) That plaintiff have such other, further, and different relief as to the Court may seem just and proper.

Dated: September 17, 2008

PHILLIPS LYTLE LLP



Kevin M. Hogan, Esq.
Chad W. Flansburg, Esq.
Attorney for Plaintiff
1400 First Federal Plaza
Rochester, NY 14614
Tel. No. (585) 238-2000

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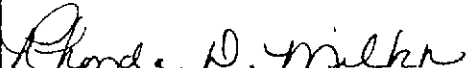
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VERIFICATION

Robert P. Coughlin, being duly sworn, deposes and says that he is a member of RPC Resources, LLC, the plaintiff in this action; that he has read the foregoing Verified Complaint and knows the contents thereof; that the same is true to his own knowledge, except as to the matters alleged upon information and belief and, as to those matters, he believes the contents to be true.


Robert P. Coughlin

Sworn to before me this
17TH day of September, 2008


Notary Public

RHONDA D. MILKS
Notary Public, State of New York
Reg. #01MI6042209
Residing in Broome County
My Commission Expires 5-22-2010

Doc # 02-161878.1

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EXHIBIT "I"

STATE OF NEW YORK
SUPREME COURT COUNTY OF BROOME

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JUL 18 2008

RPC RESOURCES, LLC

BROOME COUNTY CLERK

Plaintiff,

NOTICE OF
PENDENCY

vs.

Index No. 2008001968
Town of Windsor

K.D. LAND, LLC,
DELAWARE HIGHLANDS CONSERVANCY, INC.,
MILLENNIUM PIPELINE COMPANY, L.L.C.,
COLUMBIA GAS TRANSMISSION CORPORATION, and
BROOME COUNTY INDUSTRIAL DEVELOPMENT AGENCY,

Tm # 184.00-1-2-2
251 William Law Rd

Tm # 168.00-1-3
51 Flat Iron Rd

Defendants.

Tm # 184.00-1-2-12
229 William Law Rd

NOTICE IS HEREBY GIVEN, that an action has been commenced and is pending in this Court upon the Complaint of the above-named plaintiff, RPC Resources, LLC, against the above-named defendants, K.D. Land, LLC, Delaware Highlands Conservancy, Inc., Millennium Pipeline Company, L.L.C., Columbia Gas Transmission Corporation, and Broome County Industrial Development Agency, to compel the determination of a claim to real property pursuant to N.Y. Real Property Actions and Proceedings Law Article 15;

AND NOTICE IS FURTHER GIVEN, that K.D. Land, LLC is the owner in fee simple of the premises affected by the action, which are situated in the Town of Windsor and Town of Sanford, County of Broome and State of New York; K.D. Land, LLC acquired title of the premises affected by the action from RPC Resources, LLC by Deed dated April 19, 2005, and recorded on April 19, 2005, in Book of Deeds 02106 at page 0189, in the office of the Clerk of the County of Broome ("Deed"); K.D. Land, LLC and RPC Resources, LLC entered into a written Lease Agreement relative to the premises

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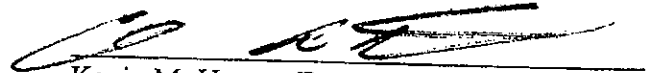
*Town of Windsor
Tm # 184.00-1-2-11
230 William Law Rd

Town of Sanford
Tm # 168.00-1-6
551 William Law Rd
Tm # 152.00-1-8

affected by this action, which was recorded on December 22, 2005, in Book of Deeds 02133 at page 0580, in the office of the Clerk of the County of Broome; the premises affected by the action are more particularly described in the true and accurate copy of the Deed and Lease Agreement, which are attached hereto as **Exhibit A and B** respectively.

The Clerk of the County of Broome is hereby directed to index this Notice of Pendency against the names of all the defendants and/or the Section, Lot and Block referenced in Exhibit A and B.

Dated: July 17, 2008



Kevin M. Hogan, Esq.
Chad W. Flansburg, Esq.
Attorney for Plaintiff
PHILLIPS LYTLE LLP
1400 First Federal Plaza
Rochester, NY 14614
Tel. No. (585) 238-2000

Doc # 02-151030.1

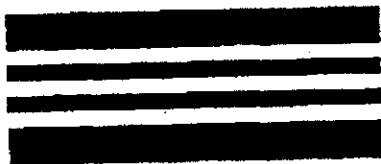
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EXHIBIT “J”

BROOME COUNTY CLERK
RECORDING PAGE



Return To:

CHESAPEAKE APPALACHIA LLC
P O BOX 6070
CHARLSTON, WV 25362

Index : BOOK OF DEEDS
Book : 02241 Page: 0351
Pages : 0008
Instrument : Lease
Date : 8/26/2008
Time : 2:55:22
Control# : 200800034375

K D LAND LLC

Fil#2 : TT 2008 000664
Employee ID: BAB29136

MORTGAGE TAX

RC2 - RECORDING	\$	37.00	Mortgage Amount	\$.00
RCMx Basic Recording	\$	19.00	Basic	\$.00
STTX - TRANSFER TAX	\$	0.00	Special	\$.00
CTTX - TRANSFER TAX	\$	0.00	Additional	\$.00
			Total	\$.00
Total	\$	56.00			

TRANSFER TAX

STATE OF NEW YORK
BROOME COUNTY CLERK

WARNING-THIS SHEET CONSTITUTES THE CLERKS
ENDORSEMENT, REQUIRED BY SECTION 316-A(5) &
SECTION 319 OF THE REAL PROPERTY LAW OF THE
STATE OF NEW YORK. DO NOT DETACH.

Taxable Amt \$.00
Transfer Tax \$.00

RICHARD R BLYTHE

Comp _____
Ver. _____
Bk. _____



0200800034375

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43

**PAID-UP
OIL & GAS LEASE**

807- NY

Lease No. 1248139-000

This Lease, made this 13th day of February, 2008, by and between K. D. Land, LLC, whose address is 57 Reitz Blvd., Lewisburg, PA 17837, hereinafter collectively called "Lessor", and CHESAPEAKE APPALACHIA, L.L.C., an Oklahoma limited liability company, P.O. Box 6070, Charleston, WV 25362-0070, hereinafter called "Lessee".

WITNESSETH, that for and in consideration of One Dollar (\$ 1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

LEASING CLAUSE. Lessor hereby leases exclusively to Lessee all the oil and gas including, but not limited to coal seam gas, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded methane/natural gas and all associated natural gas and other hydrocarbons and non-hydrocarbons contained in, associated with, emitting from, or produced/originating within any formation, gob area, mined-out area, coal seam, and all communicating zones, and their liquid or gaseous constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be necessary or convenient for Lessee, at its election, to explore for, develop, produce, measure, and market production from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to conduct geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells; to use or install roads, electric power and telephone facilities, and to construct pipelines with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leasehold or from neighboring lands across the Leasehold, 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 injecting of gas therein and removing the same therefrom; to protect stored gas; to operate, maintain, repair, and remove material and equipment.

DESCRIPTION. The Leasehold is located in the Town(s) of Sanford and Windsor, in the County of Broome, the State of New York, and described as follows:

Parcel No. 1:

Tax Map No. 152.00-1-8 containing 19.00 acres in the Town of Sanford and is bounded formerly or currently as follows:

On the North by lands of: Vincent Bambino (152.00-1-6)
On the East by lands of: John Ellis (168.00-1-1)
On the South by lands of: John Ellis (168.00-1-1)
On the West by lands of: Town of Windsor

including lands acquired from RPC Resources, LLC by virtue of deed dated the 19th day of April, 2005, recorded in Deed Book 2196, at Page 189,

Parcel No. 2:

Tax Map No. 168.00-1-6 containing 328.40 acres in the Town of Sanford and is bounded formerly or currently as follows:

On the North by lands of: John Ellis (168.00-1-1)
On the East by lands of: James Misciagna (168.00-1-2), Kris Krehn (168.00-1-3), Paul Oswald (169.00-2-5)
Gordon A. Hill (168.00-1-4)
On the South by lands of: Sky Lake of Wyoming (184.02-1-1)
On the West by lands of: Town of Windsor

including lands acquired from RPC Resources, LLC by virtue of deed dated the 19th day of April, 2005, recorded in Deed Book 2106, at Page 189,

Parcel No. 3:

Tax Map No. 168.00-1-3 containing 970.61 acres in the Town of Windsor and is bounded formerly or currently as follows:

On the North by lands of: Gerald Weyman (152.00-1-16), Douglas Weyman (152.00-2-11), Paul Weyman (152.001-1-18)
On the East by lands of: Town of Sanford
On the South by lands of: Sky Lake Inc. (184.00-1-4), KD Land LLC (184.00-1-2.12)
On the West by lands of: Frank Egitto (168.00-1-4), Daniel Pelt (168.00-1-5), James Peterson (168.00-1-2) Alan Kowal (152.00-1-24)

including lands acquired from RPC Resources, LLC by virtue of deed dated the 19th day of April, 2005, recorded in Deed Book 2106, at Page 189,

Parcel No. 4:

Tax Map No. 184.00-1-2.2 containing 20.00 acres in the Town of Windsor and is bounded formerly or currently as follows:

On the North by lands of: KD Land LLC (184.00-1-2.12)
On the East by lands of: Sky Lake Inc. (184.00-1-4)
On the South by lands of: Page Road
On the West by lands of: KD Land LLC (184.00-1-2.12)

including lands acquired from James R. Krager and Lucinda A. Krager by virtue of deed dated the 23rd day of September, 2003, recorded in Deed Book 2057, at Page 347,

Parcel No. 5:

Tax Map No. 184.00-1-2.12 containing 36.19 acres in the Town of Windsor and is bounded formerly or currently as follows:

On the North by lands of:	KD Land LLC (168.00-1-3)
On the East by lands of:	Sky Lake Inc. (184.00-1-4), KD Land LLC (184.00-1-2.2)
On the South by lands of:	Page Road
On the West by lands of:	Penny Thompson (184.00-1-1)

including lands acquired from RPC Resources, LLC by virtue of deed dated the 19th day of April, 2005, recorded in Deed Book 2106, at Page 189,

Parcel No. 6:

Tax Map No. 184.00-1-2.11 containing 46.30 acres in the Town of Windsor and is bounded formerly or currently as follows:

On the North by lands of:	Penny Thompson (184.00-1-1), Page Road
On the East by lands of:	Sky Lake of Wyoming (184.00-1-3)
On the South by lands of:	No Data
On the West by lands of:	Penny Thompson (184.00-1-1)

including lands acquired from Parham Industries, Inc. by virtue of deed dated the 30th day of December, 2003, recorded in Deed Book 2057, at Page 353.

and described for the purposes of this agreement as containing a total of 1,414.50 Leasehold acres, whether actually more or less, and including contiguous lands owned by Lessor. This Lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor, by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of said land.

LEASE TERM. This Lease shall remain in force for a primary term of Ten (10) years from 12:00 A.M. February 13, 2008 (effective date) to 11:59 P.M. February 13, 2018 (last day of primary term) and shall continue beyond the primary term as to the entirety of the Leasehold if any of the following is satisfied:

- (i) operations are conducted on the Leasehold or lands pooled/unitized therewith in search of oil, gas, or their constituents, or
- (ii) a well deemed by the Lessee to be capable of production is located on the Leasehold or lands pooled/unitized therewith, or
- (iii) oil or gas, or their constituents, are produced from the Leasehold or lands pooled/unitized therewith, or
- (iv) the Leasehold or lands pooled/unitized therewith is used for the underground storage of gas, or for the protection of stored gas, or
- (v) prescribed payments are made;

If Lessee's operations are delayed, postponed or interrupted as a result of any coal, stone or other mining or mining related operation under any existing and effective lease, permit or authorization covering such operations on the leased premises or on other lands affecting the leased premises, such delay will automatically extend the primary or secondary term of this oil and gas lease without additional compensation or performance by Lessee for a period of time equal to any such delay, postponement or interruption.

If there is any dispute concerning the extension of this Lease beyond the primary term by reason of any of the alternative mechanisms specified herein, the payment to the Lessor of the prescribed payments provided below shall be conclusive evidence that the Lease has been extended beyond the primary term.

~~**EXTENSION OF PRIMARY TERM.** Lessee has the option to extend the primary term of this Lease for one additional term of Five (5) years from the expiration of the primary term of this Lease, provided that Lessee, under the same terms and conditions as contained in this Lease, Lessee may exercise this option to extend this Lease if on or before the expiration date of the primary term of this Lease, Lessee pays or tenders to the Lessor or to the Lessor's credit an amount equal to the initial consideration given for the execution hereof. Exercise of this option is at Lessee's sole discretion and may be invoked by Lessee where no other alternative of the Lease Term clause extends this Lease beyond the primary term.~~

NO AUTOMATIC TERMINATION OR FORFEITURE.

(A) CONSTRUCTION OF LEASE: The language of this Lease (including, but not limited to, the Lease Term and Extension of Term clauses) shall never be read as language of special limitation. This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving effect to the continuation of this Lease where the circumstances exist to maintain this Lease in effect under any of the alternative mechanisms set forth above. In connection therewith, (i) a well shall be deemed to be capable of production if it has the capacity to produce a profit over operating costs, without regard to any capital costs to drill or equip the well, or to deliver the oil or gas to market, and (ii) the Lessee shall be deemed to be conducting operations in search of oil or gas, or their constituents, if the Lessee is engaged in geophysical and other exploratory work including, but not limited to, activities to drill an initial well, to drill a new well, or to rework, stimulate, deepen, sidetrack, frac, plug back in the same or different formation or repair a well or equipment on the Leasehold or any lands pooled/unitized therewith (such activities shall include, but not be limited to, performing any preliminary or preparatory work necessary for drilling, conducting internal technical analysis to initiate and/or further develop a well, obtaining permits and approvals associated therewith and may include reasonable gaps in activities provided that there is a continuum of activities showing a good faith effort to develop a well or that the cessation or interruption of activities was beyond the control of Lessee, including interruptions caused by the acts of third parties over whom Lessee has no control or regulatory delays associated with any approval process required for conducting such activities).

(B) LIMITATION OF FORFEITURE: This Lease shall never be subject to a civil action or proceeding to enforce a claim of termination, cancellation, expiration or forfeiture due to any action or inaction by the Lessee, including, but not limited to making any prescribed payments authorized under the terms of this Lease, unless the Lessee has received written notice of Lessor's demand and thereafter fails or refuses to satisfy or provide justification responding to Lessor's demand within 60 days from the receipt of such notice. If Lessee timely responds to Lessor's demand, but in good faith disagrees with Lessor's position and sets forth the reasons therefore, such a response shall be deemed to satisfy this provision, this Lease shall continue in full force and effect and no further damages (or other claims for relief) will accrue in Lessor's favor during the pendency of the dispute, other than claims for payments that may be due under the terms of this Lease.

PAYMENTS TO LESSOR. In addition to the bonus paid by Lessee for the execution hereof, Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **DELAY RENTAL:** To pay Lessor as Delay Rental, after the first year, at the rate of five dollars (\$5.00) per net acre per year payable in advance. The parties hereto agree that this is a Paid-Up Lease with no further Delay Rental and/or Delay in Marketing payments due to Lessor during the primary term hereof.

(B) **ROYALTY:** To pay Lessor as Royalty, less all taxes, assessments, and adjustments on production from the Leasehold, as follows:

1. **OIL:** To deliver to the credit of Lessor, free of cost, a Royalty of the equal one-eighth (1/8) part of all oil and any constituents thereof produced and marketed from the Leasehold.

2. **GAS:** To pay Lessor an amount equal to one-eighth (1/8) of the revenue realized by Lessee for all gas and the constituents thereof produced and marketed from the Leasehold, less the cost to transport, treat and process the gas and any losses in volumes to point of measurement that determines the revenue realized by Lessee. Lessee may withhold Royalty payment until such time as the total withheld exceeds fifty dollars (\$50.00).

(C) **DELAY IN MARKETING:** In the event that Lessee drills a well on the Leasehold or lands pooled/unitized therewith that Lessee deems to be capable of production, but does not market producible gas, oil, or their constituents, therefrom and there is no other basis for extending this Lease, Lessee shall pay after the primary term and until such time as marketing is established (or Lessee surrenders the Lease) a Delay in Marketing payment equal in amount and frequency to the annual Delay Rental payment, and this Lease shall remain in full force and effect to the same extent as payment of Royalty.

(D) **SHUT-IN:** In the event that production of oil, gas, or their constituents, is interrupted and not marketed for a period of six months, and there is no producing well on the Leasehold or lands pooled/unitized therewith, Lessee shall thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the annual Delay Rental payment until such time as production is re-established (or Lessee surrenders the Lease) and this Lease shall remain in full force and effect. During Shut-in, Lessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or to drill a new well on the Leasehold in an effort to re-establish production, whether from an original producing formation or from a different formation. In the event that the production from the only producing well on the Leasehold is interrupted for a period of less than six months, this Lease shall remain in full force and effect without payment of Royalty or Shut-in Royalty.

(E) **DAMAGES:** Lessee will remove unnecessary equipment and materials and reclaim all disturbed lands at the completion of activities, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of growing crops or marketable timber.

(F) **MANNER OF PAYMENT:** Lessee shall make or tender all payments due hereunder by check, payable to Lessor, at Lessor's last known address, and Lessee may withhold any payment pending notification by Lessor of a change in address. Payment may be tendered by mail or any comparable method (e.g., Federal Express), and payment is deemed complete upon mailing or dispatch. Where the due date for any payment specified herein falls on a holiday, Saturday or Sunday, payment tendered (mailed or dispatched) on the next business day is timely.

(G) **CHANGE IN LAND OWNERSHIP:** Lessee shall not be bound by any change in the ownership of the Leasehold until furnished with such documentation as Lessee may reasonably require. Pending the receipt of documentation, Lessee may elect either to continue to make or withhold payments as if such a change had not occurred.

(H) **TITLE:** If Lessee receives evidence that Lessor does not have title to all or any part of the rights herein leased, Lessee may immediately withhold payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved.

(I) **LIENS:** Lessee may, at its option, pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and Lessee shall be entitled to recover from the debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means.

(J) **CHARACTERIZATION OF PAYMENTS:** Payments set forth herein are covenants, not special limitations, regardless of the manner in which these payments may be invoked. Any failure on the part of the Lessee to timely or otherwise properly tender payment can never result in an automatic termination, expiration, cancellation, or forfeiture of this Lease. Lessor recognizes and acknowledges that oil and gas lease payments, in the form of rental, bonus and royalty, can vary depending on multiple factors and that this Lease is the product of good faith negotiations. Lessor hereby agrees that the payment terms, as set forth herein, and any bonus payments paid to Lessor constitute full consideration for the Leasehold. Lessor further agrees that such payment terms and bonus payments are final and that Lessor will not seek to amend or modify the lease payments, seek additional consideration or register any complaint based upon or any differing terms which Lessee has or will negotiate with any other lessor/oil and gas owner.

(K) **PAYMENT REDUCTIONS:** If Lessor owns a lesser interest in the oil or gas than the entire undivided fee simple estate, then the rentals (except for Delay Rental payments as set forth above), royalties and shut-in royalties hereunder shall be paid to Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

UNITIZATION AND POOLING: Lessor grants Lessee the right to pool, unitize, or combine all or parts of the Leasehold with other lands, whether contiguous or not contiguous, leased or unleased, whether owned by Lessee or by others, at a time before or after drilling to create drilling or production units either by contract right or pursuant to governmental authorization. Pooling or unitizing in one or more instances shall not exhaust Lessee's pooling and unitizing rights hereunder, and Lessee is granted the right to change the size, shape, and conditions of operation or payment of any unit created. Lessor agrees to accept and receive out of the production or the revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold acres included in the unit bears to the total number of acres in the unit. Otherwise, as to any part of the unit, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty, Shut-in Royalty, Delay in Marketing payment or Delay Rental attributable to any part of the unit (including non-leasehold land) shall have the same effect upon the terms of this Lease as if a well were located on, or the subject activity attributable to, the Leasehold. In the event of conflict or inconsistency between the Leasehold acres ascribed to the Lease and the local property tax assessment calculation of the lands covered by the Lease, Lessee may, at its option, rely on the latter as being determinative for the purposes of this paragraph.

FACILITIES: Lessee shall not drill a well within 200 feet of any structure located on the Leasehold without Lessor's written consent. Lessor shall not erect any building or structure, or plant any trees within 200 feet of a well or within 25 feet of a pipeline without Lessee's written consent. Lessor shall not improve, modify, or grade, or restrict roads and facilities built by Lessee without Lessee's written consent.

CONVERSION TO STORAGE: Lessor hereby grants the right to convert the Leasehold or lands pooled/unitized therewith to gas storage. At the time of conversion, Lessee shall pay Lessor's proportionate part for the estimated recoverable gas remaining in any well drilled pursuant to this Lease using methods of calculation and reserves as are generally accepted by the natural gas industry and, in the event that all wells on the Leasehold and/or lands pooled/unitized therewith have permanently ceased production, Lessor shall be paid a Conversion to Storage payment in an amount equal to the Delay Rental for as long thereafter as the Leasehold or lands pooled/unitized therewith is used for gas storage or for protection of gas storage; such Conversion to Storage payment shall first become due upon the next ensuing Delay Rental anniversary date. The use of any part of the Leasehold or lands pooled or unitized therewith for the underground storage of gas, or for the protection of stored gas, shall extend this Lease beyond the primary term as to all rights granted by this Lease, including but not limited to production rights, regardless of whether the production and storage rights are owned together or separately.

TITLE AND INTERESTS. Lessor hereby warrants generally and agrees to defend title to the Leasehold and covenants that Lessee shall have quiet enjoyment hereunder and shall have benefit of the doctrine of after acquired title. Should any person having title to the Leasehold fail to execute this Lease; the Lease shall nevertheless be binding upon all persons who do execute it as Lessor.

LEASE DEVELOPMENT. There is no implied covenant to drill, prevent drainage, further develop or market production within the primary term or any extension of term of this Lease. There shall be no Leasehold forfeiture, termination, expiration or cancellation for failure to comply with said implied covenants. Provisions herein, including, but not limited to the prescribed payments, constitute full compensation for the privileges herein granted.

COVENANTS. This Lease and its expressed or implied covenants shall not be subject to termination, forfeiture of rights, or damages due to failure to comply with obligations if compliance is effectively prevented by federal, state, or local law, regulation, or decree, or the acts of God and/or third parties over whom Lessee has no control.

RIGHT OF FIRST REFUSAL. If at any time within the primary term of this lease or any continuation thereof, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease ("Top Lease") covering all or part of the Leasehold, Lessee shall have the continuing option by meeting any such offer to acquire a Top Lease on equivalent terms and conditions. Any offer must be in writing and must set forth the proposed Lessee's name, bonus consideration and royalty consideration to be paid for such Top Lease, and include a copy of the lease form to be utilized reflecting all pertinent and relevant terms and conditions of the Top Lease. Lessee shall have fifteen (15) days after receipt from Lessor of a complete copy of any such offer to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. If Lessee fails to notify Lessor within the aforesaid fifteen (15) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer. Any Top Lease granted by Lessor in violation of this provision shall be null and void.

ARBITRATION. In the event of a disagreement between Lessor and Lessee concerning this Lease, performance thereunder, or damages caused by Lessee's operations, the resolution of all such disputes shall be determined by arbitration in accordance with the rules of the American Arbitration Association. All fees and costs associated with the arbitration shall be borne equally by Lessor and Lessee.

ENTIRE CONTRACT. The entire agreement between Lessor and Lessee is embodied herein. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to or modification of this Lease.

SURRENDER. Lessee, at any time, and from time to time, may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease and thereon this Lease, and the rights and obligations of the parties hereunder, shall terminate as to the part so surrendered; provided, however, that upon each surrender as to any part of the Leasehold, Lessee shall have reasonable and convenient easements for then existing wells, pipelines, pole lines, roadways and other facilities on the lands surrendered.

SUCCESSORS. All rights, duties, and liabilities herein benefit and bind Lessor and Lessee and their heirs, successors, and assigns.

FORCE MAJEURE. When drilling, reworking, production or other operations hereunder, or Lessee's fulfillment of its obligations hereunder are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for production or 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 not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provisions or implied covenants of this Lease when drilling, production or other operations are so prevented or delayed.

SEVERABILITY. If any provision of this Lease is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

COUNTERPARTS. This Lease may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Lease and all of which, when taken together, will be deemed to constitute one and the same agreement.

In the event of a conflict or inconsistency between the printed terms of this Lease and these added terms of this Lease, the added terms shall control and be deemed to supersede the printed terms of the Lease.

Provided that Lessor is the current surface owner of the affected lands at the time of Lessee's surface operations, Lessee and Lessor to mutually agree on all drill site, pipeline and access road locations, consent not to be unreasonably withheld, delayed or conditioned by Lessor.

Provided that Lessor is the current surface owner of the affected lands at the time of Lessee's surface operations, Lessee agrees to pay Lessor at a reasonable rate for all surface damages caused by Lessee's operations to growing crops, trees, and timber.

If, and only if, Lessor is entitled to receive free gas, whether by virtue of the ownership of the surface of the leased premises and either all the oil and gas underlying the same, an undivided interest in the oil and gas underlying the same, or the express record right to receive free gas, then upon approval of Lessor's written request for free gas, Lessor obtaining 100% written consent from all owners with a right to receive revenue from the leased premises, and Lessor's execution of Lessee's Delivery of Free Gas and Overburn Gas Agreement, one (1) Lessor may lay a line to any one (1) producing gas well on the leased premises and take up to two hundred thousand (200,000) cubic feet of gas during any single twelve (12) month period for domestic use in one currently existing primary dwelling owned at all times by Lessor and located within a one thousand (1,000') foot radius from said well on the leased premises; subject, however to such well being capable of producing in commercial quantities and of commercial quality suitable for domestic use; the existence and availability of a local distribution company willing to administer, control, monitor, and service such free gas usage to the specifications and requirements of Lessee; and subject further to the use, maintenance, operation, production, limited deliverability, and right of shut in and/or plugging and abandonment by Lessee of the well(s), equipment and pipelines on the leased premises. Lessor shall secure such gas by service line 1 1/2" to and connected to such well on said leased premises in accordance with all applicable laws, rules and regulations, the point of connection to be designated by Lessee and Lessor shall assume the entire risk and all expenses associated with securing and using such gas and agrees, to the fullest extent of applicable law, to release and indemnify Lessee from and against any and all claims or causes of action arising therefrom or relating thereto. If Lessor in any year uses gas in excess of the quantity provided for herein, Lessor shall pay for all overburn gas at the current established retail rate in the area or at the rate charged by the local distribution company administering the free gas usage, but Lessee assumes no obligation to furnish Lessor with gas in excess of the quantity provided herein. The measurement and regulation of such gas shall be by meters/regulators furnished by Lessor, subject to Lessee's approval, and set at the tap on the well. Notwithstanding the foregoing provisions, in the event the leased premises are made a part of a unit or pooled with other acreage and the well(s) has been drilled on another lease, the Lessor hereunder will not be entitled to use wellhead gas, free or otherwise. The rights granted herein related to free gas are not assignable or transferable to a party not currently owning an interest in the leasehold premises. Notwithstanding the foregoing, the specific terms and conditions of free gas use shall be governed and controlled by the Agreement for Delivery of Free Gas and Overburn Gas. Lessee shall be fully relieved of any further obligation to provide free gas or alternative payment to Lessor if any of the conditions provided hereinabove are not satisfied. At the time application is made for free gas, Lessee shall have the option to make a one-time cash payment to the qualified applicant(s) of Three Thousand and 00/100 Dollars (\$3,000.00) in lieu of providing services and payment for said sum shall thereafter permanently discharge Lessee's obligation under this lease to provide gas free of cost to Lessor, his successors, heirs and assigns.

In the event any activity conducted on by the Lessee pursuant to the terms of the lease damages, disturbs, or injures Lessor's fresh water well or source located on the leased premises, Lessee shall at its sole cost and expense use its best efforts to correct any such damage, disturbance or injury.

Notwithstanding anything herein contained to the contrary, Lessee agrees the herein described leased premise shall not be used for the purpose of gas storage as defined by the Federal Energy Regulatory Commission. Any reference to gas storage contained in this lease is hereby deleted. If Lessor wishes to enter into an agreement regarding gas storage on the leased premises with a third party, Lessor shall first give Lessee written notice of the identity of the third party, the price of the consideration for which the third party is prepared to offer, the effective date of the closing date of the transaction and any other information respecting the transaction which Lessee deems would be material to the exercise of the offering. Lessor does hereby grant Lessee the first option to purchase the gas storage rights by matching and tendering to the Lessor any third party's offering within 10 days of receipt of notice from Lessor.

Lessee shall construct and install at all well sites, access roads and pipeline right of ways in a manner which would minimize surface soil erosion. Further, any related surface reclamation shall be done in a manner which restores said land to its original contours as reasonable practical.

Lessee's operations on said lands shall be in compliance with all applicable Federal and State regulations.

Lessee agrees it will protect, save and keep Lessor harmless and indemnified against and from any penalty or damage or charges imposed for any violation of any laws or ordinances, whether occasioned by the neglect of Lessee or those holding under the Lessee, and Lessee will at all times protect, indemnify, save and keep harmless the Lessor against and from any and all loss, damage or expense, including any injury to any person or property whomsoever or whatsoever arising out of or caused by any negligence of the Lessee or those holding under the Lessee.

Lessee agrees that Lessor will not be responsible for any expenses related to Lessee's exploration or drilling activities, from said properties.

IF THIS LEASE BECOMES FORFEITED, TERMINATED, OR EXPIRES, THE LESSEE, OR IF THE LEASE HAS BEEN ASSIGNED, THE ASSIGNEE IS REQUIRED TO PROVIDE A DOCUMENT CANCELING THE LEASE AS OF THE RECORD, AT NO COST TO THE CURRENT LANDOWNER. IF THE LESSEE OR ASSIGNEE FAILS TO CANCEL THE LEASE, THE CURRENT LANDOWNER MAY COMPEL A CANCELLATION PURSUANT TO SECTION 15-304 OF THE GENERAL OBLIGATION LAW.

THIS IS A LEASE OF OIL AND GAS RIGHTS, NOT A SALE, CONTAINING TERMS THAT MAY BE NEGOTIATED BY YOU. YOU HAVE THE RIGHT TO CANCEL THIS LEASE WITHIN THREE BUSINESS DAYS AFTER EXECUTION OF THE LEASE BY NOTIFYING THE LESSEE THAT YOU HAVE CANCELED THIS CONTRACT. IN ORDER TO CANCEL THIS LEASE, YOU MUST EXECUTE A NOTICE OF CANCELLATION IN THE FORM PROVIDED BELOW, MAIL IT TO THE LESSEE AND REFUND ALL AMOUNTS PAID TO YOU BY THE LESSEE WITHIN THE THREE-DAY CANCELLATION PERIOD. THE MAILING MUST BE POSTMARKED WITHIN THE THREE-DAY CANCELLATION PERIOD TO BE EFFECTIVE.

NOTICE OF CANCELLATION

I/WE HEREBY CANCEL THIS LEASE.

DATE:

SIGNATURE(S):

THE PERSON PRESENTING THIS LEASE TO YOU IS NOT A MEMBER OF THE AMERICAN ASSOCIATION OF PROFESSIONAL LANDMEN AND THEREFORE IS NOT SUBJECT TO A CODE OF CONDUCT. IF THE PERSON PRESENTING THE LEASE TO YOU IS SUBJECT TO A CODE OF CONDUCT, A COPY OF THE CODE OF CONDUCT MUST BE PRESENTED TO YOU WITH THIS LEASE. IF APPLICABLE, THE CODE OF CONDUCT PROVIDES A DISPUTE RESOLUTION MECHANISM FOR ANY DISPUTE THAT YOU MAY HAVE REGARDING THE MANNER BY WHICH THIS LEASE WAS PRESENTED TO YOU. IF YOU HAVE ANY SUCH DISPUTE, YOU MAY INVOKE THE DISPUTE RESOLUTION MECHANISM OF THE CODE OF CONDUCT BY CONTACTING THE PERSON OR PERSONS DESIGNATED IN THE CODE OF CONDUCT. THE FAILURE OF THE LESSEE TO PAY ANY ROYALTIES TO YOU AS REQUIRED UNDER THE TERMS OF THIS LEASE FOR A PERIOD OF FOUR CONSECUTIVE MONTHS OR MORE SHALL BE A DEFAULT UNLESS OTHERWISE PROVIDED BY LAW, AND WILL RESULT IN CANCELLATION OF THE LEASE APPLICABLE TO THE TARGET FORMATION OF THE WELL WITHIN THE SPACING UNIT, FOLLOWING WRITTEN NOTIFICATION TO THE LESSEE BY YOU TO CANCEL AND SIXTY DAYS FOR THE LESSEE TO CURE THE DEFAULT. IF THE LESSEE HAS A DISPUTE REGARDING THE GROUNDS FOR CANCELLATION, SUCH DISPUTE AND THE REASONS THEREFOR MUST BE PROVIDED TO YOU IN WRITING OR THE DEFAULT MUST BE CURED WITHIN SIXTY DAYS OF THE DATE OF CANCELLATION, OTHERWISE THE LEASE SHALL BE CANCELED.

IN WITNESS WHEREOF, Lessor hereunto sets hand and seal.

Witness D.S. S. (Seal) William Dittmar Date of Execution 2/22/08
 David Siff William Dittmar, Managing Member of
 KD Land, LLC

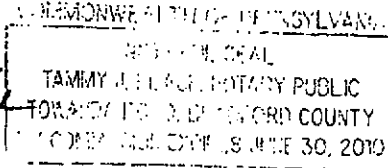
Witness _____ (Seal) _____ Date of Execution _____

Document prepared by: Chesapeake Appalachia, L.L.C., P.O. Box 6070, Charleston, West Virginia 25362-0070

ACKNOWLEDGEMENT

State of Pennsylvania
 County of Bradford
 On February 22, 2008 before me, the undersigned, a Notary Public in and for said State, personally appeared,
 William Dittmar, Managing Member of K. D. Land, LLC, personally known to me or proved to me on the basis of satisfactory evidence
 to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the
 same in his/her/their capacity(ies), and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of
 which the individual(s) acted, executed the instrument.

My commission expires June 30, 2010
 Signature / Notary Public Tammy J. Blage
 Name / Notary Public (print) Tammy J. Blage



Recorder: Return to Chesapeake Appalachia, L.L.C., Land Dept., P.O. Box 6070, Charleston, West Virginia 25362-0070.