

# Welcome





# **GAS LEASING AND TITLING IN THE MARCELLUS AND UTICA SHALES**

# North American shale plays (as of May 2011)



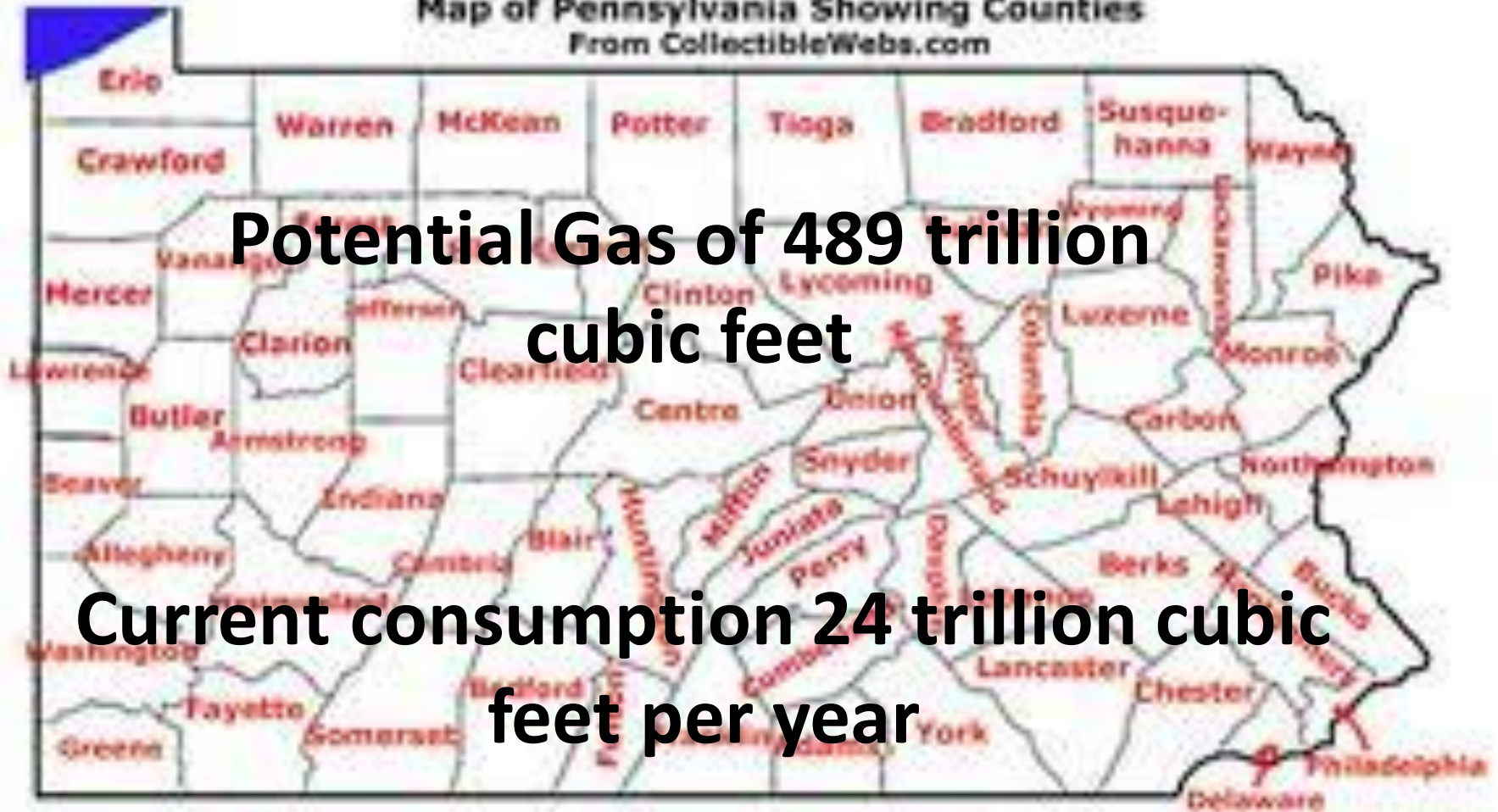
# Natural Gas Shale Basins In the United States







Map of Pennsylvania Showing Counties  
From CollectibleWebs.com





- 100 + years supply at current use

# Gas Facts:

- 53,000 Square Miles
- Decades to extract it all
- Near critical markets



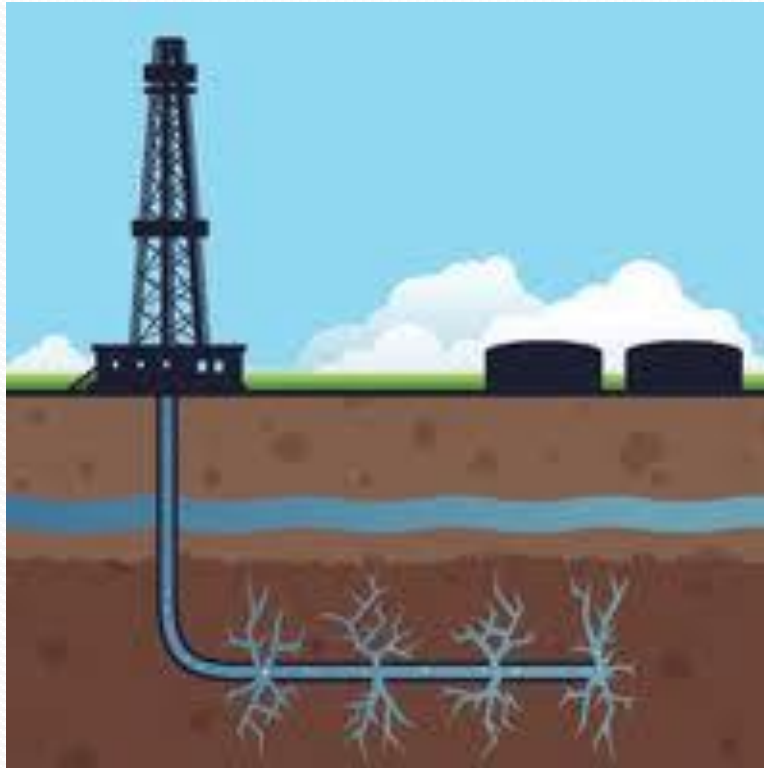
# **History of natural gas leasing from the Drake well to the Marcellus Shale boom**

# Drake Well





# Marcellus Current Well







# **The nature of current gas leases and how these leases will change future energy development**



Armstrong County Courthouse

# Old Leases

<p>Wm. Howard as S. W. Phillips Gas and Oil Co.</p>	<p>Agreement, made this 14th day of Oct. 1929, by and between Wm. Howard of Carroll County, Kentucky, hereinafter designated as first party, and the S. W. Phillips Gas and Oil Company, a Kentucky corporation, whose principal office is located at Butler, Ky., hereinafter designated as second party.</p> <p>Witnesseth that the said first party, for and in consideration of one dollar in hand paid by the said second party, the receipt whereof is hereby acknowledged, and the further consideration of the agreement herein after contained, to be done, kept and performed by said second party, hereby grants, demises and lets into said second party, its successors or assigns, the exclusive right to enter on, drill and operate for oil and gas, and if found in paying quantities to take and carry the same away on all that tract in part of the Sec. 36 of Twp. 10 N. Range 10 E. in Carroll County, Kentucky, bounded and described as follows: On the East by lands of Mrs. J. F. Barnett On the South by lands of R. W. Brown On the West by lands of Barnett &amp; Lovell Containing thirty-four (34) acres more or less.</p> <p>or have and to hold the above described premises for the term of three (3) years, and as long thereafter as oil or gas is produced in paying quantities or operations for oil or gas are being conducted thereon, including the right to use the title for the sole purpose of drilling and operations for oil and gas together with a right of way to all places of operation; and a right of way for pipe lines to convey oil, gas, water or steam off or across the same as long as said second party, its successors or assigns, desires to main- tain the same; and the right to operate any well on said premises by shaft work and to connect the same with adjoining property.</p> <p>In consideration of the above grant, said second party agrees to deliver to the first party, the one eighth part of the oil produced and saved from the premises.</p> <p>It shall, any well not produce oil, but produce gas, and the gas therefore drilled off the said premises, its consideration to the said first party for the gas from each well from which gas is marketed shall be at the rate of three hundred (300) dollars per annum, to be paid quarterly when market- ed, except while any well shows a pressure of less than 800 pounds per square inch upon being shut in for more than two such wells or thirty minutes in larger pipes, in either of which cases the consideration for the gas shall be at the rate of one hundred (\$100) per annum, to be paid quarterly when marketed. While gas is being sold off these premises said first party may bear expenses of cost for domestic purposes on said premises in the sum of \$200.00 each per year, said first party to make the necessary connec- tions and assume all cost in using said gas. The said second party shall not be liable for any shortage, or failure in supply of gas for said domes- tic purposes caused by pumping gas from said premises or otherwise, and said second party shall have the right to all surplus of gas that can be saved from producing oil wells. The said first party to have the freedom and enjoyment of the premises except the parts necessary for drilling and operating, and no wells to be drilled within five hundred</p>
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and may be found in the records of the County Clerk of Carroll County, Kentucky, Vol. 15, Page 307.



part of the buildings, nor on the base, without consent of said party.  
The said second party to have the right to use water and gas from the premises  
for its machinery, and the right at any time during or after the term  
of this agreement to remove from the premises the machinery, pipes, lines, buildings and  
fixtures belonging to it, whether placed there on or under this or any former lease.  
This lease is taken in lieu of a former lease, now void by said party, viz.  
27, 1884, made between Wm. Brown and Putney & Co., and recorded in Conning  
County in Case Book Vol. 6 Page 109, and which said former lease is by the con-  
sent of both parties hereto hereby cancelled and annulled. Under said  
former lease two gas wells were drilled, and the right to operate them is  
granted as if they had been drilled under this lease, which is hereby granted.  
Rent \$5.00<sup>00</sup> being in full for royalty on above mentioned wells for any  
14<sup>th</sup> 1905.

All covenants and agreements herein contained shall be binding on the heirs,  
executors, administrators or assigns of said first party, and upon the executors  
or assigns of said second party.

And whereas the said first party has signed and sealed this  
contract, and the said second party has caused the same to be signed  
by its President, of the day and year aforesaid,  
signed, sealed and delivered in presence of

Witness here.

State of Pennsylvania)  
County of Lehigh ) s.s.

On this 14<sup>th</sup> day of October 1904, before me a Notary Pub-  
lic, in and for said County, personally came Peter Herter, subscrib-  
ing witness to the execution of the within lease, who being duly sworn  
says that he did see the above named Wm. Brown, sign, seal, and  
set his act and deed, and read the same for the purpose therein set forth,  
and that the name of this document thereto subscribed as witnesses  
is of this document in proper handwriting,  
read, and subscribed before me the day and year above written.

Witness my hand and seal.)

Myth. Dickinson (Notary)

Notary Public.

My commission expires Oct. 27, 1906.

Attest Here

Recorded Oct 15<sup>th</sup> 1904.

Simon Barnard

- or -

J. W. Phillips, Gas

and Oil Co.

Pennsylvania

herein the designated as second party.

Witness, that the said first party, for and in consideration of one

dollar in hand paid by the said second party, the receipt whereof

is hereby acknowledged, and the further consideration of the agreement

herein contained, to be done, kept and performed by said second

Agreement, Made this 10<sup>th</sup> day of October 1904, by  
and between Simon Barnard of Lehigh County, Pa.,  
Pennsylvania herein designated as first party,  
and the J. W. Phillips, Gas and Oil Company, Inc.,  
Pennsylvania, whose principal office is located at Butler, Pa.,  
herein the designated as second party.

Witness, that the said first party, for and in consideration of one  
dollar in hand paid by the said second party, the receipt whereof  
is hereby acknowledged, and the further consideration of the agreement  
herein contained, to be done, kept and performed by said second

Me. Kenneth L. Whitworth and  
to  
Apella Gas Company

This Agreement, made 3<sup>rd</sup> day of September 1904,  
Witnesseth that the said Kenneth L. Whitworth and Kenneth  
Whitworth of the of Apella County of Kentucky  
State of Tenn. have in consideration of sum of five  
Dollars paid by Apella Gas Company of the of Apella County of Kentucky a state  
of Tennessee, have done hereby grant, convey and let unto the said Apella Gas  
Company the oil and gas in and under the following described tract of land, and the said tract  
of land for the purpose of operating same for said oil and gas, with the right to use  
water therefrom, and all rights and privileges necessary or convenient for conducting  
said operations and the transportation of oil and gas, and reserving all rights to  
claim or hold any of the property or improvement placed or to be placed on or upon said  
land by the land or parties or a part of the said land, and all said property and  
improvements, may be removed at any time by the land, which tract of land is  
situated in the Township of Northwestern County of Kentucky and State of Tenn.  
and is bounded and enclosed as follows, to wit: north by land of James H. Apple,  
East by corner of Maple & 8<sup>th</sup> (formerly Thompson's) South by land of Maple  
& 8<sup>th</sup> West by land of J. H. Apple, containing three acres more or less but  
no more shall be added within the said section one foot of the present building,  
unless both parties consent thereto. To have the same and the same for the use of the  
Land. It is covenanted and assigned for the term of two years from the date hereof and  
as much longer as oil or gas is found in paying quantities, then and reserving  
in the whole the term of twenty five years from the date hereof, operating and paying  
to the Land the 1/8 part or share of all the oil produced and sold, from the proceeds  
received net after taxes, to the Land, and at the rate of three hundred dollars  
per year, or more for each year as long as it shall produce gas in sufficient  
quantities to justify the Land in marketing the same; and the share or part of  
any well or wells or any premises produce sufficient gas, those gas fee of that  
therefrom for the personal use on his dwelling house, down the house, including  
consuming thereof at his own expense, at each point as may from time to time be  
designated by the Land, but nothing herein shall prevent the Land from obtaining  
any lease, or interfere with his right to both mine and mine the mining  
taking said other property from any smaller well, inside land, at any time.  
Witnessed, that the Agreement and here shall become null and void, and all  
all right hereunder shall have and determine unless a well shall be completed  
or sold produce within, from the date hereof, or unless the Land shall pay at  
the rate of twenty five dollars yearly in advance for each additional year  
such completion is delayed from the time from the time above mentioned for the com-  
pletion of each well until a well is completed such payments may be made  
directly to the Land or to J. H. Whitworth. It is agreed that all the terms and  
conditions hereof shall remain and apply to the same as above written and as  
written and assigned of the parties respectively. Witness the hands and seals of the parties  
and the seal of the State of Tennessee.

K. L. Whitworth

Kenneth L. Whitworth

J. H. Whitworth

Apella Gas Company

Apella Gas Company

Apella Gas Company

State of Tennessee County of Kentucky

Be it Remembered that on the 3<sup>rd</sup> day of Sept 1904 before me a Justice of the  
Peace in and for said County personally appeared the above named Kenneth L.

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PAUL KIMBLE, JR. 70 NEW YORK STATE NATURAL GAS CORPORATION

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ON PAID'S  
N.Y. STATE NATURAL GAS CORP.  
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Agreement Made and entered into this 23rd day of July, A.D. 1975  
by and between, PAUL KIMBLE, JR. and NEW YORK STATE NATURAL GAS CORPORATION

of Hamilton County of Indiana  
County of Hamilton, Indiana  
parties of the first part, hereinafter called the Lessee, and  
NEW YORK STATE NATURAL GAS CORPORATION, a New York corporation, at 100 Franklin Street, Pittsburgh  
22, Pennsylvania, party of the second part, hereinafter called the Lessor, WITNESSETH:

1. [Granting Clause] That the Lessee, for and in consideration of the sum of One (\$1.00) Dollar to be paid by the Lessor, the receipt whereof is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of the Lessee to be paid, kept and performed, has leased and let and by these presents does lease and let unto the Lessor for the purpose of drilling and operating for and producing oil and gas, and for the further purpose and with the exclusive right in the Lessee, with any and all to secure any kind of gas, whether by pumping or otherwise including the use of any sand or solids, chemicals or liquids in and under said land, and the right to receive the same by pumping or otherwise through any well or wells on said land or other lands with the right to construct, lay, maintain and use any and all necessary or convenient wells or well locations on this or other lands and the right to construct, lay, maintain, operate, change and replace pipe lines, telephone and telegraph lines and all other appliances and structures on, over and through said lands, and with all other rights and privileges, including free oil, gas, gasoline and energy from the land, necessary or convenient for the operation of this lease or to jointly with other lands for the transportation of oil and gas produced from said land or other lands or for searching, storing or withdrawing of gas from this land or other lands.

ALL the acreage tract of land situated in... Elletts Creek... Township... Adams County  
and State of Pennsylvania... bounded substantially by the following lands:

North, B. D. Montgomery  
East, J. R. Kimble  
South, Elletts Creek  
West, Paul Kimble

Containing... (99) ... acres, more or less,  
excepting however, two hundred (200) feet from dwelling houses and barns now on the premises, on which no well shall be drilled by either party except by mutual consent. All of the aforesaid land (75%) of the oil produced and recovered and all of the gas (subject to the provisions or exception of gas for the Lessor's own use as hereinbefore forth) produced and recovered under the terms of this lease are hereby granted, conveyed and relinquished to the said Lessor. Lessee agrees that Lessee may cause upon the leased premises, search for and drill out any abandoned oil or gas well, and such well shall then be considered to have been drilled under the terms of this lease and the same may be properly plugged and abandoned again as ordered and advised by Lessee for the production or storage of gas. The leased premises may be fully and freely used by the Lessee for finding or other purposes, excepting such parts as are used by the Lessee in operating hereunder.

2. [Lessee's Representations] Lessee hereby represents that he is owner of an undivided fee simple estate in the land hereinafter described, together with all the oil and gas underlying the same, and that he will forever warrant and defend the landhold in said land hereby described unto the Lessor against the lawful claims and demands of all persons whatsoever, and that Lessee shall have the burden, full, free and quiet possession of said described premises for the purposes of the drilling and production of gas. Lessee further agrees that the Lessee or his agents may now and then, when directed, may lease, mortgage or otherwise encumber, lease or encumber or against the above described lands, and in the event it exercises such option, it shall be subordinated to the rights of any holder or holders thereof and may subsume itself by applying to the discharge of any such mortgage, tax or other lien, say equity or equity securing hereunder.

3. [Storage] It is agreed that this lease shall run in force for the term of 600 (Six Hundred) years from the date hereof, and in being thereafter on the above described land, or any portion thereof, or any other land pooled or unitized therewith as provided in paragraph 4 hereof, is operated by the Lessee in the search for or production of oil or gas or as far as gas is being stored, held in storage or withdrawn from the premises by Lessee. It is agreed that the production of production from wells on the leased premises or upon other land unitized therewith, when the expiration of the original term, shall not terminate this lease whether the pooling unit have been disposed or not. If the land is used for the storage of gas prior to its being plugged and abandonment of wells from which oil or gas has been produced, it is understood that a well need not be drilled on the premises to permit the storage of gas, and it is agreed that the Lessee shall be the sole judge as to whether gas is being stored within the leased premises and that the determination shall be final and conclusive.

4. [Abandonment] Lessee is hereby granted the right to pool and operate the Goodings, Oriskany or deeper formations under oil or any part of the land described above with any other lease or leases, land or lands, mineral interests, or any of them whether owned by the Lessor or others, as to its entire area or some drilling or production units. Such drilling or production units shall not exceed 640 acres in extent and shall conform to the rules and regulations of any local governmental authority having jurisdiction in the premises and with good drilling or production practices in the area in which the land is located. In the event of the calculation of the value or any part of the land covered by this lease, Lessee shall before or after the expiration of a well, provide a copy of its well operating instructions to the County wherein the leased premises is located, and mail a copy thereof to the Lessor. In order to give effect to the above in the oil and gas pool, as such units may be determined from available geological or scientific information or drilling

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**Agreement To Grant:** In consideration of the premises the Lessor, hereinafter set against as follows, **ROYALTIES (USD):** To deliver to the owner of the Lessor, 10% below and within 30 days of the sale of the property in which Lessor may possess the same, a royalty of the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

(Eas): To make the following payments of royalty for or on account of with pre-paying you  
 you have made and agreed in the future of you and will also be made for the benefit of you, namely:

1999

[illegible][illegible][illegible][illegible]

**PAYMENT FOR STORAGE PRIVILEGE:** In full compensation for the storage rights herein granted and in lieu of all other rental or custody dues or to become due for the right to padlock or for the production of oil or gas from the lands, strata, or locations where they may be placed on lands provided, Lessee covenants and agrees to pay Lessee, when so called on, the amount herein set forth for the storage of the oil, whenever it is so called on. **FOURTH**

and 75/100 @ 11.75 Selling at the rate of 100

① 3.00 dollars, per acre, per annum, payable quarterly in advance, beginning at the next payment date after

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shall incur packing storage rental in London and pay in lire thereof, a storage rent equal in amount to 24.50

\_\_\_\_\_ \$10.00 \_\_\_\_\_ Dollars, you will certainly be allowing, as long as such

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The program will result in royalty free open air use. Requester agrees to give Lander written notice of the use of the program.

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5. **Miss Karen Loh:** Issues family records and concerns from two women who had previously run for election.

with limited for storage) Two hundred thousand (200,000) copies for at per per page or less per sheet (based on 100% copy)

For his own use for food and light in one dwelling house on said lot, at least one light, window, or air conditioning apparatus and other improvements by means of which said lot may be used as a dwelling. There may be no

...and you will see specimens where rock goes by a curving line held by red cemented timber in any rock with

If Kaiser in any way uses your review in the quarterly returned or excerpted, he shall pay for the same at the fixed price

valley price for gas for domestic use, but Lower owes no obligation to furnish Lower with gas in excess of the quantity

by Lewis and set at the top of the well or tank. If Lewis's side of the gas handle moved at any time, it would

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...the ... ..

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1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 26

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Lessor's operation of the above described tract Lease agrees of the terms of Lease, and after receipt of written notice, to discontinue the use of the gas reserved and so except in the stated and in full consideration thereof, a cash payment of Twenty-Five (\$25.00) dollars per acre.

1. **(Assignment Not Permitted)** All payments hereunder may be made direct to the Lessor, or deposited to his credit, or the credit of his respective heirs or assigns.

(Bank) of \_\_\_\_\_

or by check or draft payable to the order of \_\_\_\_\_ Bank, \_\_\_\_\_

and mailed to \_\_\_\_\_

2. **(Interference)** It is agreed that said Lessor may at any time remove all machinery and fixtures placed on said premises and further, upon the payment of one (\$100) dollar and all amounts due hereunder Lessor shall have the right to remove this lease at any time at all or any part or parts of the land covered by this lease and thereupon shall be released and discharged from all payments, obligations, covenants and conditions herein contained hereupon this lease shall be null and void as to the land in respect to which a removal is made except that Lessor may continue to use the pipe line rights herein granted upon payment of one (\$100) dollar per rod no longer for rights of way for the same. Lessor agrees that the expenditure of a debt of currency in the proper manner and the drilling in the 1000 feet of a well payable in these provided, be cash or gas and all payments due hereunder, shall be paid and be accepted as full and legal satisfaction of the Lessor's rights under this lease, or under the parties hereto.

3. **(Interfering Interest)** Said Lessor shall not be required in any event to increase the delay rental, storage rental, or the gas or oil royalty payments hereunder by reason of any royalty or interest in said oil or gas that may have been heretofore and, except or accepted by said Lessor or by the production in this or otherwise, and if the Lessor does not have title to all the oil and gas in the land provided or in the storage rights herein from, there shall be reduced each part of all payments made by the Lessor heretofore, so shall be proportionate to the outstanding title, and payments hereafter to be made shall be reduced in the same proportion.

4. **(Severance Of Provisions)** - In case of emergency or all or a part of the provision (such) the Lessor may continue to make all payments to Lessor with interest (with the original or a certified copy of any such deed of conveyance or other document in proof to the Lessor to himself) the land covered or being other part of land held, or on written notice of any such emergency, may hold all payments until satisfied with such copy and other documents and proof, and shall apportion the delay rental, storage rental and royalty, in case of any default, according to acreage.

5. **(Access Eased)** - In case of interest, it is understood that the provisions, affecting all or any part of the royalty, storage rental or royalty, Lessor may withhold payment or delivery of the same until such emergency is shown, unless by transportation, or by that means of a route of transport (such) and so the said Lessor may by a petition for enforcement.

6. **(Entire Agreement)** It is agreed that the entire contract and agreement between Lessor and Lessor is embodied herein, and that no verbal agreement, representation or promise has been made or shall be made by Lessor or Lessor supplementing, modifying or as an inducement to this agreement.

7. **(Rights And Assignments)** All lease, royalties, bonuses and proceeds between the parties hereto shall extend to their respective heirs, assigns, representatives and assigns.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

By **William W. Brown** the parties to this agreement have hereunto set their hands and seals the day and year first above written.

WITNESSES:

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*J. Paul Munn*  
By *Myrtle M. Munn*

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# New Leases

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## OIL AND GAS LEASE AGREEMENT

7/10/13

THIS OIL AND GAS LEASE AGREEMENT (this "Agreement") made and entered into this 21<sup>st</sup> day of March, 2011, by and between Michael A. & Joyce K. Stille of 1116 Pine Lane, Worthington, Pa. 16862 (individually or collectively, "Lessee"), and SLX, Inc., with offices at 233 North Park Drive, Kreamling, Pennsylvania 16201 ("Lessor").

### WITNESSETH:

1. **Leasing Closes.** Lessor, in consideration of One (\$1.00) Dollar in hand paid by Lessee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, grant and convey unto Lessee, its successors and assigns, all the oil, gas, surface and Drilling and Operating Rights (as hereinafter defined) in, on and under all that certain piece, parcel or tract of land situated in West Pymatung Township, Armstrong County, Pennsylvania, bounded and described as follows:

On the North by lands of NF Bruce and Joyce Stille

On the East by lands of NF Smallale

On the South by lands of Smallale

On the West by lands of NF James & Dorothy Chaville

Also described as or as part of Tax Map No. 49-104.01-1 (together with all lands and interests therein owned or claimed by Lessor and pertaining to the above described lands, the "Property"). For the purpose of calculating the delay rental and royalty payments provided for under this Agreement, the Property is estimated in compliance with § 13.38 laws, whether it actually comprises more or less. If Lessee determines from governmental property maps, assessment data, deed descriptions or surveys that the actual acreage is more or less than the estimated acreage set forth above, Lessee shall notify Lessor and, from and after the date of such notice, the actual acreage shall be used to calculate any delay rental and royalty payments.

2. **Drilling and Operating Rights.** Lessee is hereby granted the exclusive right of drilling and operating the Property (alone or in-jointly with neighboring lands or lands that may be utilized with the Property under this Agreement) for producing oil and gas by any means (whether currently existing or later developed), together with any and all rights necessary, useful, convenient or incidental thereto, including but not limited to the right to: conduct geological and/or geophysical surveys and explorations on the Property by seismograph, core test, gravity, magnetic or other methods; to inject gas, air, water, brine or other fluids or substances into the subsurface strata of the Property for the purpose of producing and recovering oil and gas; drill new wells, plug, abandon and remove wells, recondition producing wells, install and use shut-off valves, pumps and equipment on the Property; construct, maintain, repair and/or replace production facilities (of any kind or nature whatsoever), including but not limited to power lines and pipelines leading from adjoining land on and across the Property, which rights shall continue at Lessee's option (to be exercised by continuous use of such production facilities or by written notice to Lessor) after the termination or surrender of this Agreement; to locate or lay pipe; Lessee is also granted the exclusive right to remove (in any time and from time to time) any of the production facilities (including casing and tubing) and to use water, oil and gas from the Property for operating purposes free of cost; and to remove the same (at any time and from time to time) from the Property. Lessee is granted the right to use sand, gravel, rock and other materials and substances on the Property free of cost and to remove the same for use off of the Property based upon normal composition therefore to Lessor. In connection with Lessee's exercise of its Drilling and Operating Rights, Lessee releases Lessor from all damages to land, surface, improvements, crops and water; provided that, if prior to the drilling of a well on the Property, Lessee constructs a meter site, pipeline or roadway on the Property for the benefit of adjoining or other lands, Lessee shall pay Lessor for such Production Facilities at the rate of Two Hundred (\$200.00) Dollars per meter site and Five (\$5.00) Dollars per foot for pipelines and roadways, which payments Lessee shall retain as liquidated damages. When used in this Agreement, the phrases "oil, gas", "oil and gas" and "oil or gas" include oil and gas, unseparated gas, condensed gasolines, helium, carbon dioxide, gasolene, ether, kerosene, and oil and gas, condensate, distillate, naphtha and all hydrocarbons, and mixtures and compounds thereof or those produced or associated therewith, regardless of depth, formation, horizon, zone or stratum. All of the rights described in this paragraph shall be referred to as "Drilling and Operating Rights".

Also, together with: THIS LEASE IS FOR ALL OIL AND GAS FORMATIONS THAT SHALL BE LOCATED 300 FEET ABOVE THE TULLY LIMESTONE FORMATION TO THE CENTER OF THE BATH. "DRILLING OIL & GAS LEASE"

3. **Term.** Lessee's Drilling and Operating Rights shall be for a term of ten (10) years from the date hereof and as long thereafter as oil or gas or either of them is produced from any part of the Property or lands pooled or unitized therewith; provided that the production of oil or gas was conducted on any part of the Property or lands pooled or unitized therewith; Lessee shall continue to pay Lessor Delay Rentals (as hereinafter defined) all oil and gas has been removed from the Property or lands pooled or unitized therewith, as this Agreement is otherwise extended or continued in full force and effect by any other provision hereof, whichever shall first occur. If Lessee fails to commence drilling operations on the Property or lands pooled or unitized therewith within ten (7) years of the date of this Agreement, this Agreement shall become null and void unless at the expiration of such ten (7) year period, Lessee has pending with the appropriate authorities an application for a drilling permit and within a reasonable period of time after such permit is issued, Lessee commences and continues with diligence the exercise of its Drilling and Operating Rights.

4. **Unitization.** Lessee is hereby granted the right to pool and unitize all or any part of the Property (as to any one or more depths, strata, horizons, zones or formations) with any other lease or leases, land or lands or oil and gas estates whether contiguous or non-contiguous, owned or unleased, owned by Lessee or others, so as to create one or more drilling or production

PROPERTY: 000086704.3

SLX, Inc.  
4108 0239

SLX, Inc.  
233 North Park Drive  
Kreamling, PA 16201

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Exhibit A

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NEW

# DESIGNATION OF UNIT

## DICKEY UNIT

COMMONWEALTH OF PENNSYLVANIA §  
COUNTY OF ARMSTRONG § KNOW ALL MEN BY THESE PRESENTS  
§

This Designation of Unit ("Agreement") is hereby executed by the undersigned, who are the owners of the undivided interests in the leasehold estates created under those certain Oil and Gas Leases, or memorandums thereof, and being the owners of certain undivided and unleased mineral interests under certain lands which are more particularly described on Exhibit "A" attached hereto and incorporated herein by reference for all purposes (collectively referred to here as the "Unit Leases").

WHEREAS, each of the Unit Leases, or amendments thereto, authorizes the lessee thereunder to pool, unitize or combine all or a portion of the lands covered thereby with other land, lands, lease or leases, to form a pooled unit for the exploration, development and production of oil, gas and associated and constituent hydrocarbons from the lands covered by the Unit Leases; and

WHEREAS, the pooling, unitization and combination of the Unit Leases and mineral estates to the extent necessary to form the hereinafter described pooled unit, is reasonable and advisable in the judgment of the undersigned.

(1) Declaration of Unit. In consideration of the premises and pursuant to and in accordance with the terms and provisions of the Unit Leases, the undersigned does hereby declare, pool, unitize and combine the Unit Leases, including all renewals, extensions, ratifications and amendments thereof, and said lands covered thereby, insofar as same contributes to the Unit Area as described below, and mineral and/or royalty estates therein into a pooled unit for the exploration, development and production of oil, gas and associated hydrocarbons ("Unit").

(2) Description of Unit Area. The Unit includes the Unit Leases identified on said Exhibit "A", insofar as same contributes to those lands ("Unit Area") described on Exhibit "B" and depicted on Exhibit "B-1". Said Exhibits are attached hereto and incorporated herein by reference for all purposes. The Unit shall cover and apply to the Marcellus formation, being the stratigraphic equivalent of those depths from the base of the Tully formation to the top of the Onondaga formation. Production from the Unit shall be allocated proportionately among the tracts pooled herein with the Unit in the proportion which the number of surface acres in such tract bears to the total number of surface acres in the Unit. Should it be determined that any tract of land or interest with the Unit is not properly pooled or unitized hereby, or is not otherwise committed to the Unit, such fact shall not affect, terminate, impair or otherwise invalidate the Unit as to any interest pooled or unitized hereby.

(3) Unit Name. The Unit created hereby shall be known as the "Dickey Unit", a 241.86 acre pooled unit situated in Armstrong County, Pennsylvania.

(4) Additional Interests Included. In the event the undersigned, as of the effective date hereof, owns any leasehold interest or mineral and/or royalty interest other than those specifically described or referred to herein covering lands with the Unit Area, including any unleased mineral interest in lands inside the Unit Area, or any interest for which ratification of the Unit created hereby is necessary, and the undersigned inadvertently failed to include said interest on Exhibit "A", then said interest or interests are hereby pooled and combined into said Unit as hereby declared, without the necessity of specifically enumerating such interest or interests and the specific land which they cover or in which they are held.

(5) Right to Amend. The undersigned hereby exclusively reserves the right, from time to time, to amend this Agreement, and the respective terms and provisions hereof, including, without limitation, the power (i) to change, reduce, enlarge or extend the size or configuration of the Unit Area in accordance with the applicable rules and regulations of any governmental regulatory

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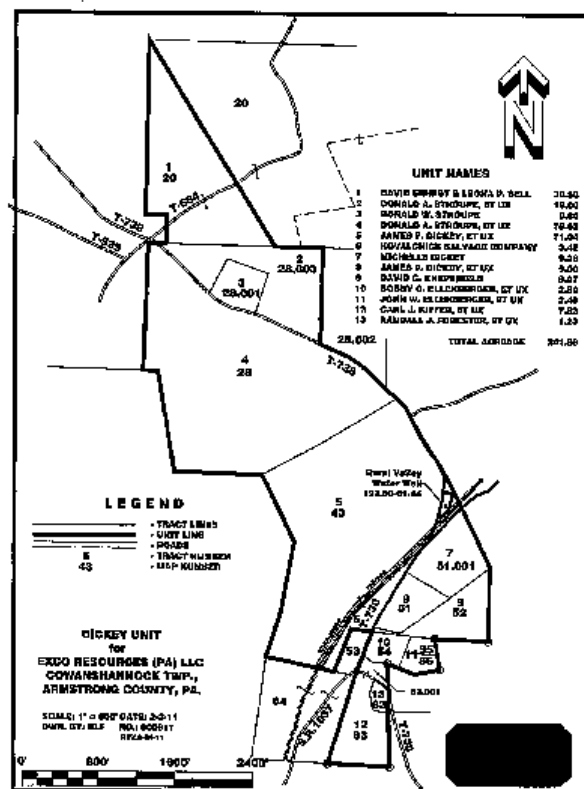
4/22/2011



Exhibit "B-1"

Attached is and made a part of the certain Designation of Unit  
"Dickey Unit"  
Armstrong County, Pennsylvania

Survey Plat



## ***This Indenture***

Made the 3<sup>rd</sup> day of March in the year of our Lord, Two thousand twelve,

(2012),

***Between***

Ronald S. Zorich, Executor under the Last Will and Testament of Joseph A. Mateer, Jr. a/k/a Joseph A. Mateer and Ronald S. Zorich, Susan F. Trimble, Melody Stewart, Eric Webb and Todd Webb, each and all, individually (hereinafter called "Grantors")

AND

Buffalo Valley, Ltd. a Pennsylvania business corporation, having offices at One Glade Park East, Kittanning, Pennsylvania, and having a mailing address of P.O. Box 1022, Kittanning, PA 16201 (hereinafter called "Grantee";

WHEREAS, the said Joseph A. Mateer, Jr., a/k/a Joseph A. Mateer was vested in lifetime with title to premises hereinafter described, situate in East Franklin Township, Armstrong County, Pennsylvania; and

WHEREAS, the said Joseph A. Mateer, Jr., a/k/a Joseph A. Mateer, died testate on April 29, 2011 and his Last Will and Testament was duly probated in the Register of Wills Office in the County of Armstrong (See Estate No. 03-11-0200); and

WHEREAS, the said real estate hereinafter described was not specifically devised, except for the oil and gas, coal and all other subsurface mineral rights as provided for in paragraph "THIRD" of the Last Will and Testament, and the said Ronald S. Zorich qualified as Executor of the Last Will and Testament; and

WHEREAS, the heirs, namely the cousins of the decedent, who were specifically devised the oil & gas, coal and other subsurface mineral rights, join in this conveyance for the purpose of conveying any and all right, title and interest that they have in said oil and gas, coal and other subsurface minerals to the Grantee named herein,

RECORD BOOK

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# Placement/Need/Storage/Markets

- Trucking
- Rail Lines
- Pipeline
- Pollution/water treatment
- Retail
- Food
- Housing
- Office Space

**What leasing tells us about potential  
winners and losers in communities  
impacted by shale drilling**

# **How locally-recorded leases are figuring into financial decisions on Wall Street**

- Mergers**
- Acquisitions**
- Hedge Funds**

**A look at what the future of leasing  
holds and a review of the new  
development of outright oil and gas  
purchases vs leasing**



# Impact on Shale Communities

- Roads
- Water issues
- Will there be new sources of tax revenue
- Wildlife
- Forests
- Aesthetics

# Wealth

- Discussions will last generations
- Family Farms
- Generational Transfers
- Elderlaw



# Future

- LNG
- Powergrid
- Infrastructure
- Pipelines
- Compressors
- Gas Processing
- Work Force

# Lease vs Purchase of Rights

- Have and Have nots



I Want It All!