

OIL AND GAS LEASE

This Agreement, Entered into the 18 day of March A.D. 19 81

Between Mr. Richard J. Nagle and Judith Nagle (his wife)
6413 Wiscasset Road, Bethesda, Maryland 20016

of the District or Township of _____ County of _____ and State of _____

Maryland the party of the first part, hereinafter called lessor (whether one or more) and VICTORY DEVELOPMENT COMPANY, 114 Wilmar Drive, Pittsburgh, Pa. 15238, party of the second part, Lessee.

Witnesseth, That the said Lessor, in consideration of \$1.00 one Dollars in hand paid by the Lessee, the receipt of which is hereby acknowledged, has granted, demised, leased and let unto the Lessee, his heirs, executors, administrators and assigns all the oil and gas in and under all that certain tract of land and also, said tract of land hereinafter described, with covenants of general warranty, and that the Lessor has the sole right to convey the premises to the Lessee, with the exclusive right for drilling and operating thereon, for producing and transporting oil and gas and all rights necessary, convenient and incident thereto; such in part as the right to construct and maintain buildings, electric, telephone and pipe lines leading from adjoining lands on and across this leasehold and other lands of the Lessor S, and similar rights for roadways and the right to use water, oil and gas, from the premises for operating purposes, and the right of removing either during or at any time after the term hereof, all casings, tubing, machinery, buildings, structures and property of the Lessee and his

assigns and employees; also the right of releasing all or any part of the premises situate in the District or Township of Elder

County of Cambria in the State of Pennsylvania bounded and described as follows to-wit:

North by lands of Wm. Dunlap, John Pierce Tract #1 Rich Hill Coal Mining Corp. Tract #2

East by lands of Wm. Dunlap Victor Kline

South by lands of Rich Hill Coal Mining Corp. Lucy Litzinger

West by lands of Merl Piece Lucy Litzinger

containing Containing 30 acres Containing 34 acres
_____ acres, more or less.

It is agreed that this Lease shall remain in force for the term of 6 months from this date and so long thereafter as oil or gas is produced from the premises or as operations continue for the production or storage of oil and gas.

The Lessor to receive one-eighth part of the oil and saved from the premises delivered into tanks or pipeline, in which one-eighth part shall be included any royalty or interest in said oil that may have been heretofore sold, reserved or conveyed by said Lessors or their predecessors in title.

If gas is only found, second party agrees to pay at the rate of one-eighth (1/8) of the gross proceeds at the prevailing market rate at the month of the well per annum payable monthly, for the product of each well while the same is being used off the premises and marketed and any interest in said gas heretofore conveyed or reserved shall be paid for proportionately out of said amount of gas royalty.

In addition to the above mentioned royalty, first party reserves gas for fuel, for one dwelling, free of cost not to exceed 300,000 cubic feet per annum (while the pressure is high enough) by making connection to the well, and agrees that such use shall be at the risk of the first party, and that any damage resulting from such use shall be borne by the said first party. This reservation to be contingent upon the economical use of gas, with approved appliances, and to continue only while gas is being piped off said premises.

All unnecessary damage to growing crops done in operating for oil and gas shall be paid for by the operator.

No well shall be drilled nearer than two hundred feet to the house or barn on said premises without the consent of both parties hereto.

In case operations are not commenced within 1 month from this date, then this grant and all rights hereunder shall immediately become null and void as to both parties, and no declaration or notice on the part of either shall be necessary to forfeit or terminate the same, and no liability

hereunder from either to the other shall result. Provided that second party may prevent such forfeiture or termination from 1 month

to time drilling operations are commenced and no longer, by paying to the first party at the rate of \$10.00/acre/year until such operations are commenced.

~~(total rental 640.00)~~
~~Payable quarterly~~ *RJM*

Special Conditions

1. It is agreed and understood that 300,000 cubic feet of free gas per year is guaranteed to Richard and Judith Nagle for life. In the event that the wells on this property do not have enough gas the lessee will provide it from another source.
2. Wells and roads will be neutrally agreed upon by lessee and lessor.
3. Ten dollars per acre will be paid in advance.
4. If no well is drilled in six months time the lessee will pay Richard and Judith Nagle five thousand dollars.
5. Free gas will be provided from well to one dwelling when and if lessor builds on leased property.

First party waives all right to claim or hold any of the property or improvements placed or erected in or upon said land by the Lessee, as fixtures or as part of the realty, and all the said property and improvements may be removed at any time during the term hereof or thereafter. The grantee shall at any time before or after the termination hereof have the right to abandon any well and remove the tubing and casing therefrom.

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Any moneys coming due under this instrument may be paid by voucher or check to the order of Mr. Richard Nagle

mailed to 6413 Wiscasset Road, Bethesda, Maryland 20016

Lessee may at any time surrender this lease as to all or any part of the lands covered thereby, by delivering or mailing a release thereof to the Lessor, or by placing a release thereof of record in the proper county, and if surrendered only as to a part of said lands, any delay rentals or acreage payments which may thereafter be payable hereunder shall be reduced proportionately.

This agreement in all its terms and conditions shall bind and extend to the successors, heirs, executors, administrators and assigns to the parties hereto.

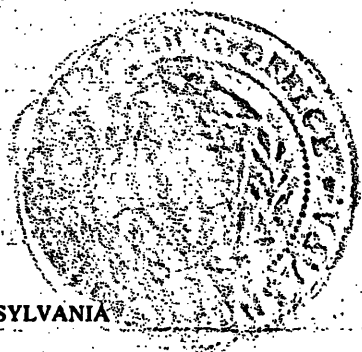
IN WITNESS WHEREOF, We, the said parties of the first and second part, have hereunto set our hands and seals the day and year above written.

Sealed and Delivered in the Presence of

Catherine M. Dominie

Catherine M. Dominie

Richard J. Nagle L.S.
Judith Nagle L.S.



COMMONWEALTH OF PENNSYLVANIA

COUNTY OF _____

Commonwealth of Pennsylvania } ss.
County of Cambria

Recorded on this 2nd day of April

A.D., 1981 in Deed

Book Vol. 1079 Page 175 Given under my hand and seal of said office.

SS. F. Joseph Link
Recorder

On this the _____ day of _____ A.D. 19____, before me, the undersigned officer, personally appeared

Who, in due form of law, acknowledged the foregoing Agreement to be his her their free act and deed and desired the same to be recorded as such. WITNESS my hand and official seal the day and year aforesaid.

1951

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APR 2 12 36 PM '81

F. JOSEPH LINK
RECORDER

ENTERED FOR RECORD IN THE
Recorder's Office of Cambria Co., Pa.
At _____ M.
APR 2 1981
F. JOSEPH LINK, Recorder
Fees & Taxes \$ 9.00
PAID BY Victory Development Co.

114 Helmar Dr
Pittsburg Pa.

STATE OF Maryland

COUNTY OF Montgomery

SS.

On this 21st day of March 1980, before me the subscribed personally appeared

RICHARD J. NAGLE and JUDITH NAGLE

to me known, and to me known to be the same persons mentioned and described in, and who executed the foregoing instrument and THEY severally acknowledged to me that _____ they executed the same.

Catherine M. Dominie
Notary Public

My Com. expires 7/1/82

