

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE, dated this ____ day of **October**, 2008, by and between **John E. Murphy and Kathy D. Murphy, husband and wife** whose address is **594 Crucible Road, Rices Landing, PA 15357** hereinafter called Lessor (whether one or more), and **Chief Exploration & Development LLC**, whose address is **5956 Sherry Lane, Suite 1500, Dallas Texas 75225** hereinafter referred to as "LESSEE".

WITNESSETH:

1. For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid and to be paid by Lessee to Lessor and in further consideration of the rents reserved and the covenants and conditions more particularly set forth in a certain lease between Lessor and Lessee dated **October**, 2008, (hereinafter referred to as the "Lease") does hereby lease and let exclusively unto Lessee the following described premises:

On the North by the lands of: **See Exhibit A for Descriptions.**

On the East by the lands of: _____

On the South by the lands of: _____

On the West by the lands of: _____

Parcel #: **5-1-166; 5-1-165; 5-1-169**

Said minerals are situated in **Cumberland** Township, **Greene** County, Pennsylvania and previously assessed under Mineral Card Number: _____ containing **52.18** acres, more or less, (hereinafter referred to as the "Premises") for the purpose of exploring for (including but not limited to, conducting seismic surveys), drilling, operating, producing and removing oil, and gas and all the constituents thereof, and to transport by pipelines or otherwise across and through said lands oil, gas, and their constituents from the Premises, and of placing of tanks, equipment, roads, structures, and other appurtenant facilities thereon to procure and operate for the said products, together with the right to enter into and upon the Premises at all times for the aforesaid purposes. Title to the Premises was conveyed to Lessor by deed recorded in Book _____ Page _____ in the Recorders Office, **Greene** County Records.

2. TO HAVE AND TO HOLD the Premises for a Primary Term of **five (5)** years from **October**, 2008 and for as long thereafter as prescribed payments are made, or for as long thereafter as operations are conducted on the Premises in search of production of oil, gas or their constituents, or for as long as a well capable of production is located on the Premises or lands unitized or combined with the Premises, or for as long as extended by other provisions herein, or for as long as the Premises or lands unitized or combined with the Premises is used for the underground storage of gas or for the protection of stored gas.

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

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

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

Date: _____

Landowner Name(s) and Address:

TAX PARCEL NUMBER(S):

**RE: Letter Agreement - Acknowledgement of Terms
Green County – Good Neighbor Group**

Dear Landowner,

The following shall serve as a Letter Agreement between the undersigned (address referenced above) being a member of the Good Neighbor Group as Lessor(s), and Chief Exploration & Development LLC, of 5956 Sherry Lane, Suite 1500, Dallas, TX 75225 as Lessee summarizing the general terms and conditions of an Oil and Gas Lease agreement between both parties on this date:

Program 1: Lease Bonus: \$3,625.00 per net mineral acre Royalty: 20%
Lease Term: 5 year Paid-Up Lease + 2 year option to extend @ \$1,500.00 per year, per acre

Program 2: Lease Bonus: \$1,000.00 per net mineral acre per year Royalty: 20%
Lease Term: 5 year Rental Lease + 2 year option to extend @ \$1,500.00 per year, per acre

Lessee, at its sole discretion, shall be permitted to approve or disapprove of each leased parcel based on its title, and due diligence efforts. Lessee shall have 90 days to run title and conduct its due diligence efforts on the leased lands.

Lessee shall release any lands disapproved by Lessee, subject to the forgoing paragraph, back to Lessor.

If you agree with the terms and conditions as set forth above, please indicate such acceptance by signing below as indicated, and return to Chief Exploration & Development LLC.

Accepted this ____ day of September, 2008 by:

CHIEF EXPLORATION & DEVELOPMENT LLC

ORDER FOR PAYMENT

LEASE # _____

Lessee shall, subject to its approval of title, make payment to Lessor as indicated herein by check within 90 banking days of Lessee's receipt of this Order For Payment and the executed Oil and Gas Lease associated herewith. No default shall be declared for failure to make payment until 10 days after written notice from Lessor of intention to declare such default. The right to receive this payment shall not be assigned, whether as collateral or otherwise.

If the Oil and Gas Lease referenced herein covers less than the entire undivided interest in the oil and gas or other rights in such land, then the dollar amount listed herein shall be paid to the Lessor only in the proportion which the interest in said lands covered by the Agreement bears to the entire undivided interest therein. Further, should Lessor own more or less than the net interest defined herein, Lessee shall increase or reduce the dollar amount payable hereunder proportionately.

For collection, the original copy herein must be submitted directly to Lessee at the address below along with an executed original Oil and Gas Lease.

PAYEE (Lessor): **John E. Murphy and Kathy D. Murphy, husband and wife**

Address: **594 Crucible Road**

Rices Landing, PA 15357

Phone: **(724) 966-5497**

The amount of: **(\$103,058.75) ONE HUNDRED THREE THOUSAND FIFTY EIGHT AND 75/100**
Dollars

This payment represents full consideration for a Five (5) year paid-up Oil and Gas Lease dated October, 2008 covering the following described lands:

STATE: PENNSYLVANIA

COUNTY: Fayette

TOWNSHIP(S): Cumberland

BLOCK (TAX MAP) #(S): 5-1-166; 5-1-165; 5-1-169

DESCRIPTION:

BLOCK: 5: PART #5-1-166; 5-1-165; 5-1-169

: PART #

Estimated Gross Acres: **52.18**

Estimated Net Acres: **28.43**

\$ Per Net Acre: **\$3,625.00**

Issued on behalf of Lessee by:


Nathan Sheldon

CHIEF EXPLORATION & DEVELOPMENT LLC
5956 Sherry Lane,
Suite 1500
Dallas, Texas 75225

Accepted this _____ day of October, 2008,

Lessor: _____

John E. Murphy

SS#/Tax ID#: _____

Lessor: _____

Kathy D. Murphy

SS#/Tax ID#: _____

COPY

This Order for Payment expires one year from date of issuance, unless paid sooner, terminated or replaced by Lessee.

FOR OFFICE USE ONLY

Date Received:

Date Due:

Prospect: _____

Approved by: _____

Date Paid: _____

Deck #: _____

Date: _____

Check #: _____