

VALUE FINDING APPRAISAL REPORT

(Compensation not to exceed \$65,000)

COUNTY FAI
ROUTE 37
SECTION 06.10
PARCEL # 1-SH1, SH2, T
PID # 110412

The purpose of this appraisal report is to estimate the compensation for the land taken, the contributory value of any site improvements in the take area (if any), and if land is needed temporarily for construction purposes, the estimated rent for the use of that land. This report has been developed in compliance with USPAP and with Section 5501:2-5-06(C) of the Ohio Administrative Code. This report is used when the acquisition is a partial taking and it is apparent the taking creates a simplistic valuation problem with no loss in market value of the residue property (damages), and the estimated compensation is \$65,000 or less. However, a nominal cost-to-cure may be considered in the compensation estimate. Since the valuation problem is simplistic and the area taken is vacant land with only minor site improvements, if any, the appraiser considers the larger parcel as a vacant site, estimates a unit value for the vacant larger parcel and uses the unit value in the estimate of compensation for the part taken.

SR 2-2(a)(xiii) Hypothetical Condition – ORC 163.59(D) and 49 CFR 24.103(b) compel the appraiser to disregard the proposed public improvement that is the reason for this project. USPAP SR 1-4f requires the appraiser to consider the impact of any proposed public improvements. Therefore, value enhancements or value declines due to speculation about this project or condemnation blight have been disregarded by the appraiser. USPAP requires the appraiser to disclose that use of a Hypothetical Condition may impact assignment results.

Eichhorn Limited Partnership	1410 Pleasantville Road, NE, Pleasantville, Ohio 43148	
Owner	Mailing Address of Owner	
7640 Lancaster-Newark Road, Baltimore, Ohio 43105		113.854 Gross / 111.132 Net Acres
Location of Property Acquired		Area of Whole Contiguous Property

FINDING OF COMPENSATION

LAND VALUATION

Parcel No.	Area	Unit Value	
1-SH1	1.165 Acres Rural Residential Land - \$1 (PRO)	\$9,000/Ac	\$10,484
1-SH2	0.039 Acres Rural Residential Land - \$1 (PRO)	\$9,000/Ac	\$350
			Total <u>\$10,834</u>

Unit Value Support
 Comparable Sales attached VL-60 VL-63 VL-71

IMPROVEMENT VALUATION

Estimated Value of each improvement to be acquired

Parcel No.	Description	
1-SH1	3,680 SF of Gravel Drive @ \$1.00/SF @ 50% (50% Dep.)	\$1,840
1-SH1	200 SF of Concrete Pad @ \$2.50/SF @ 50% (50% Dep)	\$250
1-SH2	1,690 SF of Seeded Lawn @ \$0.30/SF	\$507
1-T1	Dilapidated Block Structure @ 10% (90% Dep)	\$4,600
1-T1	905 SF of Concrete Pad @ \$2.50/SF @ 50% (50% Dep)	\$1,132
		Total <u>\$8,329</u>

COST-TO-CURE (Benefits and/or Incurable Damages are not permissible. Support for cost-to-cure items must be by attachment or reference to an estimate for materials and labor cost.)

Parcel No.	Description	
		Total <u>\$0.00</u>

TEMPORARY EASEMENT VALUATION

Parcel No.	Description	
1-T	0.205 Acres Rural Residential Land @ \$9,000/ac x 10% x 1.5 years	
		Total <u>\$277</u>

APPRAISER'S ESTIMATE OF FMVE DUE OWNER AS OF:
 (SR 2-2(a)(vii) Effective Date of the Appraisal) 6/30/2020 (say) \$19,440

ARTICLE IX
ZONING DISTRICTS

9.1 Reserved for Future Use.

9.2 Rural Residential District (RR)

A. Intent

It is the intent of the RR Rural Residential District to provide for single family dwellings on large tracts within areas of open land. Areas in the District will not normally be served by public sewer and water.

B. Permitted Uses

The following uses shall be permitted in the RR District:

1. Agriculture and the usual agricultural buildings and structures in accordance with Section 2.4 (Uses Exempt or Limited from Township Control).
2. One (1) detached single family dwelling per lot, including permanently sited manufactured homes, provided each dwelling or manufactured home contains a minimum livable floor area of one thousand three hundred (1,300) square feet (See Section 10.1(A)) (Building Size and Permanent Foundation).
3. Adult Family Homes.
4. Residential Facilities – Type A.
5. Type B Family Day-Care Home.
6. Individual Wind Energy Conversion Systems, subject to the restrictions in Section 10.11(Individual Wind Energy Conversion Systems)
7. Accessory structures, as defined in Article III, subject to the following standards:
 - a. Accessory structures shall be located on the same lot as the primary building to which it is subordinate. No lot shall contain an accessory structure without a principal building.
 - b. Accessory structures shall not contain or be used as a dwelling unit.
 - c. Accessory structures and uses shall be setback a minimum of ten (10) feet from the main building and ten (10) feet from side or rear lot line. Accessory structures and uses must conform to the front yard setback (100 feet).

Walnut Township Zoning Resolution
Effective 6/19/2015

- d. On lots less than 5.01 acres, one accessory structure shall be permitted, provided said accessory structure does not exceed three thousand two hundred (3,200) square feet of floor space.
 - e. On lots 5.01 acres or larger, two accessory structures shall be permitted, provided the cumulative area of the floor space for both structures does not exceed three thousand two hundred (3,200) square feet. There must be a minimum of 20 feet between the two structures.
 - f. The height of an accessory structure shall not exceed twenty-six (26) feet.
 - g. In addition to the accessory structure(s) permitted above, one storage building (shed) with floor space not to exceed 320 square feet shall be permitted or two sheds not to exceed 320 square feet total combined area providing the lot is conforming. Non-conforming lots of less than 0.5 acres shall only be permitted to have one shed not to exceed 160 square feet. All structures shall comply with the setback requirements in Section 9.2(B)(7)(c) above, except for the minimum distance from the main building.
 - h. The outdoor storage of junk, unlicensed motor vehicles, semi-trailers, commercial tool sheds, used building materials, used tires, or any other material meeting the definition of junk shall be prohibited, unless otherwise specifically permitted by these regulations in conjunction with a permitted use.
- 8 Customary home occupations as permitted and regulated in Section 10.5 (Home Occupations).
- 9 Attached Telecommunication Towers, provided the attached structure does not extend more than twenty (20) feet above the highest point of the structure to which it is attached and complies with all applicable Federal regulations.
10. Private or community/club swimming pools, subject to the following provisions:
- a. No private or community/club swimming pool shall be allowed except as an accessory use and shall comply with the following requirements.
 - b. The pool must be used or intended to be used solely for the enjoyment of the occupants of the property on which it is located and their guests.
 - c. No swimming pool will be permitted within a front yard setback. A swimming pool shall otherwise be setback a minimum of twelve feet from any lot line or easement.
 - d. The swimming pool, or the entire property upon which it is located, shall be walled or fenced in such a manner as to prevent uncontrolled access by children from the street and from adjacent properties. No such fence shall be less than four (4) feet in height, have a gate and lock, and be maintained in good condition.
11. Farm markets.

Walnut Township Zoning Resolution
Effective 6/19/2015

12. Recreational vehicles, subject to the standards in Section 10.7 (Parking and Storage of Vehicles and Recreational Vehicles).
13. Temporary buildings for uses incidental to construction work, subject to the standards in Section 10.6 (Temporary Buildings). Temporary buildings utilized for agriculture (as defined in Article III) shall not be subject to the standards in Section 10.6 (Temporary Buildings).
14. Fences, subject to the standards in Section 10.3 (Fence Requirements).

C. Conditional Uses

The following uses may be permitted as conditional uses and are subject to approval by the Walnut Township Board of Zoning Appeals as provided in Section 7.3 (Procedures and Requirements for Approval of Conditional Uses) and Article XI Conditional Use Regulations).

1. Type A Family Day-Care Home and Child Day-Care Centers, subject to the standards in Section 11.1 (Type A Family Day Care Home).
2. Commercial mines, quarries, and gravel pits subject to the conditions in Section 11.2 (Commercial Mines, Quarries, and Gravel Pits).
3. Free Standing Telecommunication Towers, subject to the conditions in Section 11.3 (Free-Standing Telecommunication Towers).
4. Small Wind Farms, subject to the standards in Section 11.4 (Small Wind Farms).
5. Churches or other places of worship, including Sunday school buildings and parish houses; public and parochial schools, subject to the conditions in Section 11.19 (Churches, Schools, Parks, Commercial Recreational Uses including Commercial Swimming Pools, Libraries, Museums, and Art Galleries).
6. Kennels and the boarding of dogs or other small animals, subject to the conditions in Section 11.16 (Kennels and the Boarding of Dogs and Other Small Animals).
7. Riding academies and commercial stables, subject to the conditions in Section 11.20 (Riding Academies and Commercial Stables).
8. Parks, commercial recreational uses including commercial swimming pools, subject to the conditions in Section 11.19 (Churches, Schools, Parks, Commercial Recreational Uses including Commercial Swimming Pools, Libraries, Museums, and Art Galleries).
9. Cemeteries, including mausoleums and crematories, subject to the conditions in Section 11.21 (Cemeteries).
10. Libraries, museums, and art galleries, subject to the conditions in Section 11.19 (Churches, Schools, Parks, Commercial Recreational Uses including Commercial Swimming Pools, Libraries, Museums, and Art Galleries).
11. Bed and Breakfast Establishments subject to the conditions in Section 11.22 (Bed and Breakfast Establishments).

Walnut Township Zoning Resolution
Effective 6/19/2015

12. Rural Residential Businesses, subject to the conditions in Section 11.23 (Rural Residential Businesses . Rural Residential Businesses include woodworking (such as cabinet making, furniture refinishing , repair or construction); small engine maintenance and repair shop (not including auto or auto body repair); landscaping services; welding shops; beauty shops; and any service establishment for an electrician, plumber, or other similar tradesman occupation. Any rural residential business that may be proposed, but not listed above, may be permitted as a conditional use provided it is determined to be a similar use pursuant to the procedures of Section 8.5 (Similar Uses), a conditional use permit is issued in accordance with the procedures in Section 7.3 (Procedures and Requirements for Approval of Conditional Uses) and such use complies with the conditions of Section 11.23 (Rural Residential Businesses).
13. Stand-Alone Parking Lots, subject to the conditions in Section 11.15 (Stand Alone Parking Lots).
14. Agricultural Implement Businesses, subject to the conditions in Section 11.24 (Agricultural Implement Businesses).
15. Large Satellite Dish Antennas, subject to the conditions in Section 11.18 (Large Satellite Dish Antennas).
16. Possession of Dangerous Wild Animals. Dangerous Wild Animals shall be housed on a minimum parcel of 100 acres.

D. Signs

Signs shall be permitted in the RR District as regulated in Section 10.9 (Sign Regulations).

E. Off-Street Parking and Loading Spaces

Off-street parking and loading spaces shall be provided in accordance with the requirements of Section 10.10 (Parking Regulations).

F. Lot Area, Setback, Lot Coverage, and Height Requirements for dwellings.

1. The minimum lot area required shall be two (2) acres.
2. The minimum frontage required shall be two hundred (200) continuous feet.
3. The minimum required front yard setback shall be one hundred (100) feet, measured from the front lot line (see Section 10.2(A) (Front Yard Setback).)
4. The minimum required rear yard setback shall be fifty (50) feet.
5. The minimum required side yard setback shall be thirty (30) feet with a total sum of side yard setback of eighty (80) feet.
6. The maximum height shall be thirty-five (35) feet.

9.3 Suburban Single Family Residential District (R-1)

A. Intent.

It is the intent of this district to accommodate single family residential development adjacent to municipal or village boundaries where suburban type development can be found and where public utilities can be extended in an orderly and efficient manner. Areas within this district shall be served by central water and/or sewer.

B. Permitted Uses.

1. One (1) detached single family dwelling per lot, including permanently sited manufactured homes, provided each dwelling or manufactured home contains a minimum livable floor area of one thousand three hundred (1,300) square feet (See Section 10.1(A) (Building Size and Permanent Foundation)).
2. Adult Family Homes.
3. Residential Facilities – Type A.
4. Type B Family Day-Care Home.
5. Individual Wind Energy Conversion Systems, subject to the restrictions in Section 10.11 (Individual Wind Energy Conversion Systems).
6. Accessory structures, as defined in Article III, subject to the following standards:
 - a. Accessory structures shall be located on the same lot as the primary building to which it is subordinate. No lot shall contain an accessory structure without a principal building.
 - b. Accessory structures shall not contain or be used as a dwelling unit.
 - c. Accessory structures and uses shall be setback a minimum of ten (10) feet from the main building and five (5) feet from side or rear lot line. Accessory structures and uses must conform to the front yard setback (50 feet).
 - d. One detached accessory structure shall be permitted provided such structure does not exceed one thousand six hundred (1,600) square feet of floor space.
 - e. The height of any accessory structure shall not exceed twenty-two (22) feet.
 - f. In addition to the accessory structure permitted above, one storage building (shed) with floor space not to exceed 320 square feet shall be permitted or two sheds not to exceed 320 square feet total combined area providing the lot is conforming. Non-conforming lots shall only be permitted to have one shed not to exceed 160 square feet. All structures shall comply with the setback requirements in Section 9.3(B)(6)(c) above, except for the minimum distance from the main building.

200800018420
Filed for Record in
FAIRFIELD COUNTY, OH
GENE WOOD
10-03-2008 At 11:05 am.
LEASE 52.00
OR Book 1502 Page 44 - 50

1502 Page 0046

Form No. 201287

Lease No. 08-12039

OIL AND GAS LEASE 18-16-29

This Lease made this dated the 25th day of June, 2008, by and between Eichhorn Limited Partnership, an Ohio limited partnership, of 1410 Pleasantville Road NE, Pleasantville, OH 43148-0000, hereinafter called "Lessor" and T. S. Dudley Land Company, Inc., 5925 North Robinson Avenue, Oklahoma City, OK 73118-0000, hereinafter called "Lessee".

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

1. LEASING CLAUSE. Lessor hereby grants, leases and lets exclusively to Lessee all the oil and gas and their constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, "the Leasehold", 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 exclusive 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 and/or from neighboring lands across the Leasehold, and such rights shall survive the term of this agreement for so long thereafter as operations are continued; to use oil, gas, and non-domestic water sources, free of cost; to operate, maintain, repair, and remove material and equipment.

2. DESCRIPTION. The Leasehold is located in the Township(s) of Walnut, in the County of Fairfield in the State of Ohio, and described as follows:

Section 29-16N-18W 113.854 acres, more or less, described in Warranty Deed, Book 1477, Page 2270, dated October 4, 2007, from Watson Farm, Ltd. to Eichhorn Limited Partnership, an Ohio limited partnership, also described by Tax Parcel ID Number 049-02612-30, Fairfield County, Ohio.

"SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR OTHER PROVISIONS OF THIS LEASE"

and described for the purposes of this agreement as containing a total of 113.8540000 acres, whether actually more or less, and including contiguous lands owned by Lessor.

3. LEASE TERM. This Lease shall remain in force for a primary term of 5 Years from June 25th, 2008, (the "effective date") and for as long thereafter as prescribed payments are made, or for as long thereafter as operations are conducted on the Leasehold in search of or production of oil, gas, or their constituents, or for as long as a well capable of production is located on the Leasehold or lands pooled or unitized therewith, or for as long as extended by provision herein. If after the primary term the last producing well on the Leasehold or lands pooled or unitized therewith is plugged and abandoned, the Leasehold will remain under Lease for an additional period of one year from the date of plugging and abandonment, subject to the payment of delay rental.

4. EXTENSION OF PRIMARY TERM. Lessee has the option to extend the primary term of this Lease for one additional term of 5 Years from the expiration of the primary term of this Lease; said extension to be 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.

5. PAYMENTS TO LESSOR. Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **DELAY RENTAL:** If operations for drilling are not commenced on the Leasehold or lands pooled or unitized therewith, or any part hereof, within ninety days from the effective date, Lessee shall, to continue this Lease in full force and effect, make payment to Lessor a Delay Rental at the rate of \$15.00 per net mineral acre per year, payments to be made annually or quarterly, at Lessee's option, until the commencement of a well. Delay Rental paid for time beyond the commencement date of Royalty payments shall be credited upon the Royalty payment.

(B) **ROYALTY:** To pay Lessor as Royalty, less all applicable 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 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 of the net proceeds realized by Lessee from the sale of all gas and the constituents thereof produced and marketed from the Leasehold. Lessee may withhold Royalty payment until such time as the total withheld exceeds twenty-five dollars (\$25.00).

(C) **DELAY IN MARKETING:** In the event that Lessee does not market producible gas, oil, or their constituents from the Leasehold, Lessee shall continue to pay Delay Rental until such time as marketing is established, and such payment shall maintain this Lease 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 or unitized therewith, Lessee shall thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and said payment shall maintain this Lease in full force and effect to the same extent as payment of Royalty. During Shut-in, Lessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or 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 or lands pooled or unitized therewith 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) SUSPENSE / ESCROW: Lessee shall be allowed to suspend and/or escrow royalty payments into an interest bearing account, pending the issuance of a Spacing Order by the appropriate Governmental Authority, or created by contract right, for any well drilled on the Leasehold or lands pooled or unitized therewith. This suspension and/or creation of an Escrow Account shall, for purposes of this Lease, be considered the Payment of Royalty.

(F) 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.

(G) 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.

(H) 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.

(I) 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.

(J) 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.

(K) NOTICE: In the event Lessor considers that Lessee has not complied with any or all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, via certified United States mail, setting out specifically in what respects Lessor considers Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said Lease for any cause, and no such action shall be brought by Lessor until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any act by Lessee aimed to meet all or any of the alleged breaches shall be an admission or presumption that Lessee has failed to perform all its obligations hereunder. It is agreed that this Lease shall never be forfeited or cancelled for Lessee's failure to perform, in whole or in part, any of its implied covenants, conditions, or stipulations, including payment of any rentals and royalties due under this Lease, until it shall have been first finally judicially determined that such failure exists, by a final order of a court of competent jurisdiction and after such final determination, Lessee is given a reasonable time therefrom to comply with any such covenants, conditions, or stipulations.

(L) 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 any differing terms which Lessee has or will negotiate with any other lessor/oil and gas owner.

6. UNITIZATION. 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 or Order. Such units will not exceed 640 acres (or such other size as allowed by the appropriate Governmental Authority). Where Lessee forms a unit by contract right, it may, at its' sole option, place of record, a copy of its Declaration of Unitization. Lessor shall be provided with notice of the formation of unit(s) as may be required under the Unitization Requirements of the appropriate Governmental Authority. Whether unit(s) are formed by contract right or by appropriate Governmental Authority, for all purposes of this Lease, the Leasehold shall be deemed to be unitized effective with the spud date of any well for which any portion of the Leasehold is finally determined to be included in the Unit(s) therefore. 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 net proceeds realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold net acres included in the unit bears to the total number of acres in the unit; for such purposes, Lessee may, at its' option, definitively rely on the acreage calculations of the local property tax assessment authorities. Otherwise, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty or Delay Rental shall have the same effect upon the terms of this Lease as if a well were located on the Leasehold.

7. 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, degrade, or restrict roads and facilities built by Lessee without Lessee's written consent.

8. 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. If this lease covers a lesser interest in the oil and gas, and their constituents, granted herein in all or any part of the Leasehold than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest,

200800018420
Filed for Record in
FAIRFIELD COUNTY, OH
GENE WOOD
10-03-2008 At 11:05 a.m.
LEASE 52.00
OR Book 1502 Page 46 - 50

1502 Page 0046

Form No. 201287

Lease No. 08-12039

OIL AND GAS LEASE 18-16-29

This Lease made this dated the 25th day of June, 2008, by and between Eichhorn Limited Partnership, an Ohio limited partnership, of 1410 Pleasantville Road NE, Pleasantville, OH 43148-0000, hereinafter called "Lessor" and T. S. Dudley Land Company, Inc., 5925 North Robinson Avenue, Oklahoma City, OK 73118-0000, hereinafter called "Lessee".

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

1. LEASING CLAUSE. Lessor hereby grants, leases and lets exclusively to Lessee all the oil and gas and their constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, "the Leasehold", 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 exclusive 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 and/or from neighboring lands across the Leasehold, and such rights shall survive the term of this agreement for so long thereafter as operations are continued; to use oil, gas, and non-domestic water sources, free of cost; to operate, maintain, repair, and remove material and equipment.

2. DESCRIPTION. The Leasehold is located in the Township(s) of Walnut, in the County of Fairfield in the State of Ohio, and described as follows:

Section 29-16N-18W 113.854 acres, more or less, described in Warranty Deed, Book 1477, Page 2270, dated October 4, 2007, from Watson Farm, Ltd. to Eichhorn Limited Partnership, an Ohio limited partnership, also described by Tax Parcel ID Number 049-02612-30, Fairfield County, Ohio.

"SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR OTHER PROVISIONS OF THIS LEASE"

and described for the purposes of this agreement as containing a total of 113.8540000 acres, whether actually more or less, and including contiguous lands owned by Lessor.

3. LEASE TERM. This Lease shall remain in force for a primary term of 5 Years from June 25th, 2008, (the "effective date") and for as long thereafter as prescribed payments are made, or for as long thereafter as operations are conducted on the Leasehold in search of or production of oil, gas, or their constituents, or for as long as a well capable of production is located on the Leasehold or lands pooled or unitized therewith, or for as long as extended by provision herein. If after the primary term the last producing well on the Leasehold or lands pooled or unitized therewith is plugged and abandoned, the Leasehold will remain under Lease for an additional period of one year from the date of plugging and abandonment, subject to the payment of delay rental.

4. EXTENSION OF PRIMARY TERM. Lessee has the option to extend the primary term of this Lease for one additional term of 5 Years from the expiration of the primary term of this Lease; said extension to be 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.

5. PAYMENTS TO LESSOR. Lessee covenants to pay Lessor, proportionate to Lessor's percentage of ownership, as follows:

(A) **DELAY RENTAL:** If operations for drilling are not commenced on the Leasehold or lands pooled or unitized therewith, or any part hereof, within ninety days from the effective date, Lessee shall, to continue this Lease in full force and effect, make payment to Lessor a Delay Rental at the rate of \$15.00 per net mineral acre per year, payments to be made annually or quarterly, at Lessee's option, until the commencement of a well. Delay Rental paid for time beyond the commencement date of Royalty payments shall be credited upon the Royalty payment.

(B) **ROYALTY:** To pay Lessor as Royalty, less all applicable 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 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 of the net proceeds realized by Lessee from the sale of all gas and the constituents thereof produced and marketed from the Leasehold. Lessee may withhold Royalty payment until such time as the total withheld exceeds twenty-five dollars (\$25.00).

(C) **DELAY IN MARKETING:** In the event that Lessee does not market producible gas, oil, or their constituents from the Leasehold, Lessee shall continue to pay Delay Rental until such time as marketing is established, and such payment shall maintain this Lease 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 or unitized therewith, Lessee shall thereafter, as Royalty for constructive production, pay a Shut-in Royalty equal in amount and frequency to the Delay Rental until such time as production is re-established and said payment shall maintain this Lease in full force and effect to the same extent as payment of Royalty. During Shut-in, Lessee shall have the right to rework, stimulate, or deepen any well on the Leasehold or 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 or lands pooled or unitized therewith 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) **SUSPENSE / ESCROW:** Lessee shall be allowed to suspend and/or escrow royalty payments into an interest bearing account, pending the issuance of a Spacing Order by the appropriate Governmental Authority, or created by contract right, for any well drilled on the Leasehold or lands pooled or unitized therewith. This suspension and/or creation of an Escrow Account shall, for purposes of this Lease, be considered the Payment of Royalty.

(F) **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.

(G) **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.

(H) **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.

(I) **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.

(J) **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.

(K) **NOTICE:** In the event Lessor considers that Lessee has not complied with any or all its obligations hereunder, both express and implied, Lessor shall notify Lessee in writing, via certified United States mail, setting out specifically in what respects Lessor considers Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said Lease for any cause, and no such action shall be brought by Lessor until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any act by Lessee aimed to meet all or any of the alleged breaches shall be an admission or presumption that Lessee has failed to perform all its obligations hereunder. It is agreed that this Lease shall never be forfeited or cancelled for Lessee's failure to perform, in whole or in part, any of its implied covenants, conditions, or stipulations, including payment of any rentals and royalties due under this Lease, until it shall have been first finally judicially determined that such failure exists, by a final order of a court of competent jurisdiction and after such final determination, Lessee is given a reasonable time therefrom to comply with any such covenants, conditions, or stipulations.

(L) **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 any differing terms which Lessee has or will negotiate with any other lessor/oil and gas owner.

6. UNITIZATION. 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 or Order. Such units will not exceed 640 acres (or such other size as allowed by the appropriate Governmental Authority). Where Lessee forms a unit by contract right, it may, at its' sole option, place of record, a copy of its Declaration of Unitization. Lessor shall be provided with notice of the formation of unit(s) as may be required under the Unitization Requirements of the appropriate Governmental Authority. Whether unit(s) are formed by contract right or by appropriate Governmental Authority, for all purposes of this Lease, the Leasehold shall be deemed to be unitized effective with the spud date of any well for which any portion of the Leasehold is finally determined to be included in the Unit(s) therefore. 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 net proceeds realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold net acres included in the unit bears to the total number of acres in the unit; for such purposes, Lessee may, at its' option, definitively rely on the acreage calculations of the local property tax assessment authorities. Otherwise, drilling, operations in preparation for drilling, production, or shut-in production from the unit, or payment of Royalty or Delay Rental shall have the same effect upon the terms of this Lease as if a well were located on the Leasehold.

7. 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, degrade, or restrict roads and facilities built by Lessee without Lessee's written consent.

8. 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. If this lease covers a lesser interest in the oil and gas, and their constituents, granted herein in all or any part of the Leasehold than the entire and undivided fee simple estate (whether Lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest,

shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein.

9. LEASE DEVELOPMENT. There is no covenant to develop the Leasehold within a certain time frame, and there shall be no forfeiture of the rights granted hereby based on any implied covenant to produce. Other provisions contained herein constitute full compensation for all of the rights and privileges herein granted.

10. FORCE MAJEURE. 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 prevented by acts of God, federal, state, or local law, regulation, or decree (including, expressly, consent decrees), or any circumstance reasonably beyond the sole control of Lessee.

11. CONTINUING OPERATIONS. If, at the expiration of the primary term of this Lease, there is no production of oil, gas or condensate on the Leasehold or lands pooled or unitized therewith, but Lessee is engaged in operations for drilling, reworking, plugging back or deepening a well thereon, this Lease shall remain in force and its term shall continue for so long as such operations or additional drilling, reworking, plugging back or deepening are prosecuted with no cessation of more than ninety (90) consecutive days and if any such operations result in the production of oil, gas or condensate covered hereby, as long thereafter as there is production from the Leasehold or lands pooled or unitized therewith, or the term of this Lease is otherwise extended by any of the provisions herein.

12. CESSATION OF PRODUCTION. If, within the primary term of this Lease, or any extension thereof, production of oil, gas or condensate on the Leasehold or lands pooled or unitized therewith shall cease, this Lease shall continue in force, and the Lessee may commence operations for drilling, reworking, plugging back or deepening of a well or may in lieu thereof commence or resume the payment of Delay Rentals on or before the anniversary date of the Effective Date of this Lease next following the 120th day after such cessation of production. If, after the expiration of the primary term of this Lease, or any extension thereof, production of oil, gas or condensate on the Leasehold, or lands pooled or unitized herewith, should cease, this Lease shall not terminate, provided that Lessee commences operations for drilling, reworking, plugging back or deepening a well within ninety (90) days from such cessation, and this Lease shall remain in force during the prosecution of such operations, and for so long as such operations are prosecuted with no cessation of more than ninety (90) days, and, if production of oil, gas or condensate results from such operations, then this Lease shall remain in force and effect for so long as production continues or operations are being conducted as herein provided, or the term of this Lease is otherwise extended by any of the provisions herein.

13. PREFERENTIAL RIGHT TO RENEW. If, at any time during the primary term hereof, or within one (1) year from the expiration, cancellation or termination of this Lease, Lessor receives an acceptable, bona fide third-party offer to lease the Leasehold, in whole or part, Lessor shall promptly provide the Lessee, in writing, of all of the verifiable particulars of such offer. Lessee shall have thirty (30) days from the receipt thereof to advise Lessor, in writing, of its agreement to match said third-party offer as to all terms and consideration; immediately thereafter, Lessor and Lessee shall take all cooperative steps necessary to effectuate the consummation of said transaction and the survival of said transaction through any statutorily mandated right of cancellation thereof. Any lease or option to lease the Leasehold, in whole or part, granted by Lessor in contravention of the purposes of this paragraph shall be deemed null and void.

14. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

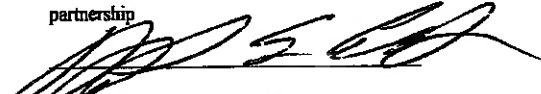
15. ENTIRE CONTRACT. The entire agreement between Lessor and Lessee is embodied herein. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to execute or modify this Lease.

16. SURRENDER. Lessee may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease, and if a partial surrender, the Delay Rental provided in the PAYMENTS clause shall be reduced in proportion to the acreage surrendered.

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


IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Eichhorn Limited Partnership, an Ohio limited partnership



BY: Phillip E. Eichhorn, General Partner

Eichhorn Limited Partnership, an Ohio limited partnership



BY: Stephen E. Eichhorn, General Partner