

PAID-UP  
OIL & GAS LEASE

Lease No.

This Lease, made this 20th day of May, 2008 by and between Donald W. Counts and Juanita Counts (His wife) whose address is P.O. Box 216 Meadow Bridge WV 25976, hereinafter collectively called "Lessor", and Acadian Energy Resources, Inc., whose address is P.O. Box 419 Fayetteville, West Virginia 25840, hereinafter called "Lessee".

WITNESSETH, that for and in consideration of the premises, and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

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

**DESCRIPTION.** The Leasehold is located in the District of Green Sulphur County of Summers, in the State of West Virginia, and described as follows:

Property Tax Parcel Identification Number: 01 0016 0000

and is bounded formerly or currently as follows:

On the North by lands of \_\_\_\_\_

On the East by lands of \_\_\_\_\_

On the South by lands of \_\_\_\_\_

On the West by lands of \_\_\_\_\_

including lands acquired from William C. Acetta, Doris Sheasberry by virtue of a Will/Deed dated July 24 1976 and recorded in BL 124 Page 70 and described for the purposes of this agreement as containing a total of 208.9 Leasehold acres, whether actually more or less, and including contiguous lands owned by Lessor. This Lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor, by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which Lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by Lessee for a more complete or accurate description of paid land.

**LEASE TERM.** This Lease shall remain in force for a primary term of five (5) years from 12:00 a.m. 200 (effective date) to 11:59 p.m. 201 (last day of primary term) and shall continue beyond the primary term as to the entirety of the Leasehold if any of the following is satisfied: (i) operations are conducted on the Leasehold of lands pooled/unitized therewith in search of oil, gas or their constituents, or (ii) a well deemed by Lessee to be capable of production is located on the Leasehold or lands pooled/unitized therewith, or (iii) oil or gas, or their constituents, are produced from the Leasehold or lands pooled/unitized therewith, or (iv) if the Leasehold or lands pooled/unitized therewith is used for the underground storage of gas, or for the protection of stored gas, or (v) is prescribed payments are made.

If Lessee's operations are delayed or interrupted as a result of any coal mining or coal related operations under any existing and effective coal lease, then such delay will automatically extend the primary term of this Lease for a period of time equal to any delay or interruption.

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

**EXTENSION OF PRIMARY TERM.** Lessee has the option to extend the primary term of this Lease for one additional term of five (5) years from the expiration of the primary term of this Lease; 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.

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**NO AUTOMATIC TERMINATION OR FORFEITURE.**

(A) CONSTRUCTION OF LEASE: The language of this Lease (including, but not limited to, the Lease Term and Extension of Term clauses) shall never be read as language of special limitation. This Lease shall be construed against termination, forfeiture, cancellation or expiration and in favor of giving