

**OIL & GAS LEASE**

This Lease made this 10<sup>th</sup> day of OCTOBER 2000, by and between:

LESTER C COPP AND MARY P. COPP (HUSBAND & WIFE)

2001 MAR 13 P 3:21

R.R. 2. BOX 1810 MANSFIELD PA - 16933

hereinafter collectively called "Lessor" and Allegheny Energy Development Corp.  
1364 Dodge N.W.  
Warren, Ohio 44485

*John E. Williams*  
RECORDER OF DEEDS  
TIOGA COUNTY

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 and their 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 and 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 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, all or in part, in the District/Township of RUTLAND, in the County of TIOGA, in the State of PA, on the waters of - 0 -, and described as follows:

P-03-050

and is bounded formerly or currently as follows:

- On the North by lands of STATE RT# 549;
- On the East by lands of ANN CLARK;
- On the South by lands of D. SWERDLOFF, D. MCKAY;
- On the West by lands of R. ADAMS, R. KREITZER, D. WOOD;

including lands acquired:

by \_\_\_\_\_ from \_\_\_\_\_, dated \_\_\_\_\_,

and recorded in Book \_\_\_\_\_, page \_\_\_\_\_ and described for the purposes of this agreement as containing 125 acres, whether actually more or less, and including all contiguous or appurtenant lands owned by Lessor.

**LEASE TERM.** This Lease shall remain in force for a primary term of 5 years from 10 OCTOBER 2000 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 for as long as extended by provision herein, or for as long as the Leasehold is used for the underground storage of gas, or for the protection of stored gas. If after the primary term the last producing well on the Leasehold 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.

**EXTENSION OF TERM:** Lessee may extend the primary term for one additional period equal to the primary term by paying to Lessor at any time within the primary term an Extension Payment equal in amount to the annual Delay Rental as herein described, multiplied by a factor of \_\_\_\_\_, or by drilling a well on the Leasehold which is not capable of commercial production.

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

(A) **DELAY RENTAL:** To pay Lessor as Delay Rental at the rate of \$ 375.00 (\$3.00) dollars per net mineral acre per year payable QUARTERLY in advance, beginning on 10 OCTOBER 2000 and continuing thereafter until the commencement of Royalty payments. Delay Rental paid for time beyond the commencement date of Royalty payments shall be credited upon the Royalty payment. Upon Conversion to Storage, Delay Rental payments shall be reestablished.

(B) **ROYALTY:** To pay Lessor as Royalty, less all 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 revenue realized by Lessee for all gas and the constituents thereof produced and marketed from the Leasehold during the preceding month. 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, 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 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) **DAMAGES:** Lessee will remove unnecessary equipment and materials and grade, reseed and mulch the drill site area at the completion of activities, and Lessee agrees to repair any damaged improvements to the land and pay for the loss of crops or marketable timber.

(F) **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.

(G) **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.

(H) **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.

(I) **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.

(J) **LIMITATION OF FORFEITURE:** This Lease shall never be subject to a civil action or other proceeding to enforce a claim of forfeiture due to Lessee's alleged failure to perform as specified herein, unless Lessee has received written notice of Lessor's demand and thereafter fails or refuses to satisfy Lessor's demand within 60 days from the receipt of the notice.

*WPC  
Mc  
Lee*

2-60-46-000-0007

Allegheeny Energy Development Corp.  
1364 Dodge Drive, N.W.  
Warren, Ohio 44485

**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. 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 revenue realized from the production of such unit, such proportional share of the Royalty from each unit well as the number of Leasehold acres included in the unit bears to the total number of acres in the unit. Otherwise, except for Free Gas, the drilling, operations in preparation for drilling, production from, or payment for Royalty, Shut-in Royalty, or Delay In Marketing for a well on such a unit shall have the same effect upon the terms of this Lease as if the well were located on the Leasehold. If the total unitized Leasehold acreage is less than 50 percent of the total Leasehold acreage, Delay Rental will continue to be paid on the non-unitized acreage.

**FREE GAS.** Upon approval of Lessor's request for free gas and his execution of an Agreement for Delivery of Free Gas and Overburn Gas, one Lessor may lay a line to any producing gas well on the leased premises and take two hundred thousand (200,000) cubic feet of gas per year free of cost for domestic use in one dwelling on said lands at Lessor's own risk and subject to the use and right of abandonment of the well by Lessee. All overburn gas shall be paid for by said Lessor at the current established retail rate in the area.

**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 use, improve, modify, or restrict roads and facilities built by Lessee without Lessee's written consent.

**CONVERSION TO STORAGE.** Lessee is hereby granted the right to convert the Leasehold to gas storage. At the time of conversion, Lessee shall pay Lessor's proportionate part for the estimated recoverable gas remaining in the well using methods of calculating gas reserves as are generally accepted by the natural gas industry, and Lessor shall be paid Delay Rental for as long thereafter as the Leasehold is used for gas storage or for protection of gas storage.

**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.

**LEASE DEVELOPMENT.** There is no covenant to develop the Leasehold within a certain time frame, and there shall be no Leasehold forfeiture for implied covenant to produce. Provisions herein constitute full compensation for privileges herein granted.

**COVENANTS.** 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 federal, state, or local law, regulation, or decree.

**ARBITRATION.** In the event of a disagreement between Lessor and Lessee concerning this lease, performance thereunder, or damages caused by Lessee's operations, settlement shall be determined by a panel of three disinterested arbitrators. Lessor and Lessee shall appoint and pay the fee of one each, and the two so appointed shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The award shall be by unanimous decision of the arbitrators and shall be final.

**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 or modification of this Lease.

**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.

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

*DK* LESSEE SHALL BE HELD SOLELY RESPONSIBLE AND LIABLE  
FOR ANY CONTAMINATION OF LESSORS WATER AND LANDS  
AND FOR ADJOINING WATERS AND LANDS AS A RESULT OF  
LESSEES OPERATIONS.

IN WITNESS WHEREOF the Lessors have hereunto set their hands.

Signed and acknowledged in the presence of:	Signatures	Social Security or Tax ID No.
<u>William R. Clark</u>	<u>Lester C. Copp</u>	<u>203-30-9912</u>
<u>David G. Kapp</u>	<u>Mary P. Copp</u>	<u>178-24-5110</u>

STATE OF PENNSYLVANIA, COUNTY OF TIOGA SE  
Recorded in the Recorder's Office for said County,  
in Book No. 741 page 8108 the 13 day of  
March 20 01  
Witness my hand and Official Seal

Jane E. Netherbee RECORDER  
Acknowledgement *Jm*

State of Pennsylvania  
County of To-Wit:

I, David A. Kapp, a Notary Public of said Commonwealth of Pennsylvania, do hereby certify that Lester C. Copp and Mary P. Copp whose names are signed to the writing bearing date the 10<sup>th</sup> day of OCTOBER, 2000 has on this day acknowledged the same before me in said County.

Given under my hand this 10<sup>th</sup> day of OCTOBER, 2000.  
My Commission expires:

DAVID A. KAPP  
Notary Public  
DAVID A. KAPP  
COMMISSIONER OF DEEDS  
COMMONWEALTH OF PENNSYLVANIA  
MY COMMISSION EXPIRES NOV. 13, 2002

CORPORATE ACKNOWLEDGEMENT

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_  
On this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, \_\_\_\_\_, a Notary Public, came \_\_\_\_\_, who acknowledged himself to be \_\_\_\_\_ and as such being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation as \_\_\_\_\_.

In witness thereof, I hereunto set my hand and official seal.

Signature of Notary Public  
My commission expires on:

This instrument prepared by: Allegheny Energy Development Corp.  
1364 Dodge, NW.  
Warren, Ohio 44485

BK 0741 PG 8671

17-50

LEASE/ROW    ROUTE SLIP  
PK            LAND DEPARTMENT  
✓              ORIGINAL TO RECORDER  
PM            MAP ROOM  
SB            ARTESIA  
NW            LEASEMAP<sup>17</sup>  
130890        PROSPECT NUMBER  
443510        LESSOR ID #  
130890-041    PROPERTY NUMBER

ID # 2 - 60 - 46 - 000 - 0007

COMMENTS: JULY



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF REVENUE  
BUREAU OF INDIVIDUAL TAXES  
DEPT. 280603  
HARRISBURG, PA 17128-0603

**REALTY TRANSFER TAX  
STATEMENT OF VALUE**

See Reverse for Instructions

RECORDER'S USE ONLY	
State Tax Paid	- 0 -
Book Number	741
Page Number	868
Date Recorded	3/13/01

Complete each section and file in duplicate with Recorder of Deeds when (1) the full value/consideration is not set forth in the deed, (2) when the deed is without consideration, or by gift, or (3) a tax exemption is claimed. A Statement of Value is not required if the transfer is wholly exempt from tax based on: (1) family relationship or (2) public utility easement. If more space is needed, attach additional sheet(s).

**A CORRESPONDENT - All inquiries may be directed to the following person:**

Name Allegheny Energy Development Corp	Telephone Number: Area Code ( 330 ) 898-4292
Street Address 1364 Dodge Drive, N.W., Warren, Ohio 44485	State Ohio
City Warren, Ohio 44485	Zip Code 44485

**B TRANSFER DATA**

Grantor(s)/Lessor(s) Copp, Lester C. & Mary P.	Date of Acceptance of Document 10/10/00
Grantee(s)/Lessee(s) Allegheny Energy Development Corp	Street Address 1364 Dodge Drive, N.W.
Street Address R.R.2, Box 1810	City Warren, Ohio 44485
City Mansfield, PA 16933	State Ohio
State PA 16933	Zip Code 44485

**C PROPERTY LOCATION**

Street Address R.R.2	City, Township, Borough Rutland
County Tioga	School District Southern Tioga
Tioga	Tax Parcel Number PL03-050

**D VALUATION DATA**

1. Actual Cash Consideration \$1.00	2. Other Consideration + N/A	3. Total Consideration = \$1.00
4. County Assessed Value	5. Common Level Ratio Factor x	6. Fair Market Value =

**E EXEMPTION DATA**

1a. Amount of Exemption Claimed	1b. Percentage of Interest Conveyed
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**2. Check Appropriate Box Below for Exemption Claimed**

- Will or intestate succession \_\_\_\_\_ (Name of Decedent) \_\_\_\_\_ (Estate File Number)
- Transfer to Industrial Development Agency.
- Transfer to a trust. (Attach complete copy of trust agreement identifying all beneficiaries.)
- Transfer between principal and agent. (Attach complete copy of agency/straw party agreement.)
- Transfers to the Commonwealth, the United States and Instrumentalities by gift, dedication, condemnation or in lieu of condemnation. (If condemnation or in lieu of condemnation, attach copy of resolution.)
- Transfer from mortgagor to a holder of a mortgage in default. Mortgage Book Number \_\_\_\_\_, Page Number \_\_\_\_\_
- Corrective or confirmatory deed. (Attach complete copy of the prior deed being corrected or confirmed.)
- Statutory corporate consolidation, merger or division. (Attach copy of articles.)
- Other (Please explain exemption claimed, if other than listed above.) Oil and Gas Lease Exempt

Under penalties of law, I declare that I have examined this Statement, including accompanying information, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Correspondent or Responsible Party 	Date 3-7-01
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FAILURE TO COMPLETE THIS FORM PROPERLY OR ATTACH APPLICABLE DOCUMENTATION MAY RESULT IN THE RECORDER'S REFUSAL TO RECORD THE DEED.

BK0741PG8669

EXHIBIT "A" ADDENDUM

LESTER C. COPP AND MARY P. COPP

RUTLAND TOWNSHIP

TIOGA COUNTY

\* Well location(s); access road location(s), ancillary well-production, equipment location(s) and pipeline location(s) are to be mutually agreed upon both by lessor(s) and lessee with lessor providing lessee with at least one (1) legal, accessible well drilling location per each forty (40) acres covered by this agreement. Lessor is not to unreasonably withhold approval when such approval is necessary to proceed. However, in the case that any well location is selected based on geophysical exploration (seismic, gravity, magnetics, geochemical, or other technology) the location(s) selected by the lessee shall be automatically approved.

\* Any land (not necessary for production) disturbed by drilling operations is to be restored as soon as possible to as near as possible its original contour and its original soil quality condition.

\* If well drilling or production operations cause any crop loss, livestock loss, damage to fences, damage to tiles, damage to buildings, or damage to lands described herein, such losses or damages are to be reimbursed to lessor(s) by lessee. Any disagreement between lessor(s) and lessee regarding damage(s) is to be settled by arbitration which shall be conclusive and final in each disagreement. There are to be three (3) arbitrators, one selected by lessor(s), one (1) selected by lessee, and one (1) to be selected by the two(2) such selected arbitrators to make disagreements resolvable.

\* It is further understood in this agreement that the lessee or assigns shall observe ecologically sound drilling practices in keeping with state or federal statutes governing such drilling practices

William R. Crack  
Witness WILLIAM R. CRACK

Lester C. Copp  
Principal LESTER C. COPP

SPK  
Witness

Mary P. Copp  
Principal MARY P. COPP

JANE WETHERBEE  
REGISTER AND RECORDER  
WELLSBORO, PA  
Pennsylvania

INSTRUMENT NUMBER  
200102484

RECORDED ON  
Mar 13, 2001  
3:34:23 PM

RECORDING FEES	\$15.00
COUNTY IMPROVEMENT FUND	\$1.00
RECORDER IMPROVEMENT FUND	\$1.00
STATE WRIT TAX	\$0.50
TOTAL	\$17.50

CUSTOMER  
ALLEGHENY ENERGY  
DEVELOPMENT

BK0741PG8670

RECORDED

2001 JUL 23 P 4: 05

AMENDMENT AND RATIFICATION OF OIL AND GAS LEASE

James E. Wetherbee
RECORDER OF DEEDS
Tioga COUNTY

The undersigned, being the Lessors and Lessee of that certain Oil and Gas Lease dated the 10th day of October, 2000 and recorded in Book 741 at Page 8668 of the Tioga County Records (the "Lease"), for valuable consideration the receipt and sufficiency of which are hereby acknowledged, do hereby amend and ratify the Lease as follows:

1. The undersigned hereby directs the Lessee, its successors and assigns, to pay any such Delay Rental payments which may be due under the Lease to the undersigned at the address set forth herein, and at the option of the Lessee, such payments shall continue to be made on a quarterly basis or the Lessee may elect to make such payments on an annual basis beginning on the anniversary date on which the Delay Rental payment is due, being the 10th day of October, 2001.

Until notification is received to the contrary, as stipulated in the Lease, the undersigned directs the Lessee to make such Delay Rental payments and other payments due under the Lease by check payable to the order of and mailed to:

Lester C. Copp and Mary P. Copp
RR.2, Box 1810
Mansfield, PA 16933

As amended hereby, the undersigned ratify and agree that the Lease remains in full force and effect.

Signed this 20th day of June, 2001.

Lessor:

Lessee:

[Signature]
(Printed name) Lester C. Copp

Allegheny Energy Development Corporation

[Signature]
(Printed name) Mary P. Copp

By [Signature]
Its PRESIDENT

ACKNOWLEDGEMENT- LESSOR

State of Pennsylvania
County of Tioga, SS:

Before me a Notary Public in and for said county and state, personally appeared Lester C. Copp and Mary P. Copp to me known (or satisfactorily proven) to be the individual(s) described herein, and who did execute, and acknowledge that they did sign the same as their free act and deed for the purposes set forth herein.

In Testimony Whereof, I hereunto set my hand and official seal on this 20th day of June, 2001.

Notarial Seal
Dianne R. Gee, Notary Public
Lawrenceville Boro, Tioga County
My Commission Expires Oct. 15, 2003
Member, Pennsylvania Association of Notaries

[Signature]
Notary Public

ACKNOWLEDGEMENT - LESSEE

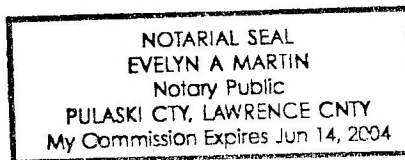
State of Pennsylvania,  
County of Merger, SS:

Before me a Notary Public in and for said county and state, personally appeared David A. Kapp, to me known (or satisfactorily proven) to be the individual described herein, and who did execute, and acknowledge that he did sign the same as his free act and deed for and on behalf of Allegheny Energy Development Corporation.

In Testimony Whereof, I hereunto set my hand and official seal on this 20th day of June, 2001.

Evelyn A. Martin  
Notary Public

This instrument prepared by:  
Allegheny Energy Development Corporation  
8323 East Market Street, Suite #2  
Warren, Ohio 44484



JANE WETHERBEE  
REGISTER AND RECORDER  
WELLSBORO, PA  
Pennsylvania

INSTRUMENT NUMBER  
**200106651**  
RECORDED ON  
**Jul 23, 2001**  
**3:32:54 PM**

RECORDING FEES \$13.00  
COUNTY IMPROVEMENT FUND \$1.00  
RECORDER IMPROVEMENT FUND \$1.00  
STATE WRIT TAX \$0.50  
TOTAL \$15.50

CUSTOMER  
CGAS EXPLORATION INC

CGAS Exploration, Inc.  
ATTN: Mary V. Knott  
P.O. Box 14981  
Columbus, OH 43214-9874

STATE OF PENNSYLVANIA, COUNTY OF TIOGA SE  
Recorded in the Recorder's Office for said County,  
n \_\_\_\_\_ Book No. 743 page 3474 the 23 day of  
July 2001  
Witness my hand and Official Seal

Jane E. Wetherbee RECORDER  
Jm