

**NON-DRILLING OIL & GAS LEASE**

THIS LEASE, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2010,  
by and between \_\_\_\_\_

\_\_\_\_\_,  
hereinafter called the Lessor, and **Cedar Valley Energy, Inc., P.O. Box 726, Wooster, OH 44691**, hereinafter  
called the Lessee, do agree:

1. Lessor, for and in consideration of One dollar (\$1.00) in hand paid by Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, grants to Lessee all the oil and gas in the lands described below, with the exclusive right to operate for, produce and market same from a well or wells on other lands; and the right to unitize Lessor's lands, or any portion, or strata, with other lands into a drilling unit of no more than one hundred sixty acres. This lease is for five (5) years, and as long thereafter as operations are being conducted on any such unit or oil or gas can be produced in paying quantities in Lessee's judgment from any such unit. This lease covers all of Lessor's land in and adjoining

Section / Lot: \_\_\_\_\_  
Township of: \_\_\_\_\_  
County of: \_\_\_\_\_  
State of: \_\_\_\_\_

containing \_\_\_\_\_ acres more or less, and bounded substantially, now or formerly, as follows:

On the North by: \_\_\_\_\_  
On the East by: \_\_\_\_\_  
On the South by: \_\_\_\_\_  
On the West by: \_\_\_\_\_

Being the property described in Deed Volume/Page \_\_\_\_\_ / \_\_\_\_\_, and/or instrument  
# \_\_\_\_\_, and also being known as parcel ID(s):

\_\_\_\_\_  
\_\_\_\_\_

2. **No well shall be drilled on Lessor's property, nor shall Lessee enter upon or install any installation of any nature whatsoever on the leased property.** The within Lease being granted for the purpose of permitting Lessee to unitize the leased property with other properties, which other properties shall bear all the burden of surface development. Lessor understands and gives consent that the well and/or related equipment situated upon said other properties may be placed 100 feet or more from an occupied dwelling located on the herein leased premises and that due to slant (directional) drilling originating from surface entry on a parcel not owned by Lessor, the wellbore may past through or terminate below the surface of Lessor's property.

3. Lessor shall be paid as royalties a proportional share of one eighth (1/8) of "Proceeds Realized" by Lessee on all the oil and gas produced and marketed from each well drilled and unitized, as the amount of the Lessor's acreage in the unit bears to total acreage in the unit, the same to be paid by the end of the next month following Lessee's receipt of payment for same, less any tax imposed by any government body, including but not limited to the severance tax. "Proceeds Realized" shall mean the price received by Lessee for oil and gas marketed and sold at the delivery point less any charges for transportation, dehydration, compression and marketing paid by Lessee to deliver the oil and gas for sale.

4. Lessor hereby warrants and agrees to defend title to the land herein described and agrees that Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied or assessed on or against the said lands and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself for any payments due hereunder.

5. In the event Lessor considers Lessee has not complied with its expressed or implied obligations hereunder, lessor shall notify Lessee in writing indicating specifically what Lessee allegedly has breached. Lessee shall have 30 days after receipt of said notice to meet or commence to meet any part of the breach alleged by Lessor. Lessor shall not bring any action against Lessee until after 30 days after service of such notice to Lessee.

6. No change in ownership in the leased premises or in the rentals or royalties hereunder shall be binding on Lessee until after notice to the Lessee either by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of such original instrument or a duly certified copy thereof to the Lessee.

7. This lease shall be binding on all heirs, successors and assigns of Lessor and Lessee. If the leased land is hereinafter owned in separate tracts, the premises nevertheless, shall be treated as an entirety and all payments due shall be paid proportionally (on an acreage basis) to each separate owner, and if Lessor owns less than the entire fee, Lessor shall be paid only his proportional share of any payment due. Lessee may at any time assign or surrender this lease in whole or in part.

IN WITNESS WHEREOF the Lessors have hereunto set their hands.

Lessor(s):

\_\_\_\_\_

\_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

**ACKNOWLEDGEMENT**

STATE OF: \_\_\_\_\_

COUNTY OF: \_\_\_\_\_

Before me, a Notary Public in and for said county and state, personally appeared the above named

\_\_\_\_\_

who acknowledged to me that \_\_\_\_\_ did execute the foregoing instrument and that the same is \_\_\_\_\_ free act and deed for the purposes herein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal at

\_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_, 2010.

\_\_\_\_\_

Notary

This instrument prepared by: CEDAR VALLEY ENERGY, INC., P.O. BOX 726, WOOSTER, OH 44691