

COPY

Lease No. _____

OIL & GAS LEASE

This Lease made this 24 day of June, 1999, by and between:

Brown Marian E + James L. McBried
340 Piper Rd
Newfield New York 14867

hereinafter collectively called "Lessor" and Central Appalachian Petroleum
8323 East Market St., Suite 2
Warren, Ohio 44484

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 Newfield in the County of Tompkins, in the State of New York, and described as follows:

and is bounded formerly or currently as follows:

On the North by lands of	<u>Cummings</u>	<u>Brown</u>	Map # <u>20.1-14.2</u>
On the East by lands of	<u>Meyers Jackson</u>	<u>Brown</u>	Map # <u>20.1-14.3</u>
On the South by lands of	<u>Piper Rd. Self</u>	<u>Huwages</u>	Map # _____
On the West by lands of	<u>20.15.9</u>	<u>Piper Rd.</u>	Map # _____

including lands acquired:

by _____ from _____, dated _____, 19____, and recorded in Book _____, page _____ and described for the purposes of this agreement as containing _____ 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 ten years from June 24, 1999, 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 Three (\$3.00) dollars per net mineral acre per year payable quarterly in advance, beginning on Dec 24, 1999, 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 re-established.

(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.

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.

Lessee will pay lessor \$5000 spooling bonus for each well drilled on lessor land

IN WITNESS WHEREOF the Lessors have hereunto set their hands.

Signed and acknowledged in the presence of:
Alfred Adams *X Maurine E. Brown* Social Security or Tax ID No. *X 077-34-8675*
X James P. Brown *1264-72-2648*

IF THIS LEASE BECOMES FORFEITED, TERMINATED OR EXPIRES, THE LESSEE, OR IF THE LEASE HAS BEEN ASSIGNED, THE ASSIGNEE, IS REQUIRED TO PROVIDE A DOCUMENT CANCELLING THE LEASE AS OF RECORD, AT NO COST TO THE CURRENT LANDOWNER. IF THE LESSEE OR ASSIGNEE FAILS TO CANCEL THE LEASE, THE CURRENT LANDOWNER MAY COMPEL A CANCELLATION PURSUANT TO SECTION 15-304 OF THE GENERAL OBLIGATIONS LAW.

ACKNOWLEDGEMENT BY SUBSCRIBING WITNESS

STATE OF _____ COUNTY OF _____ TOWN OR TWP. _____

On this _____ day of _____, 19____, before me personally came _____ the subscribing witness to the foregoing Instrument, with whom I am personally acquainted, who being by me duly sworn, did depose and say _____ resides at _____ that he knows _____, to be the individual (s) described in, and executed the foregoing instrument; that he, said subscribing witness was present and saw said individual or individuals execute the same; and that he, said witness, at the same time subscribed his name as witness there to.

NOTARY PUBLIC

CORPORATE ACKNOWLEDGEMENT

STATE OF _____

COUNTY OF _____

On this _____ day of _____, 19____, 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: _____

PARTIAL WAIVER OF SURFACE USE

WHEREAS, heretofore an oil and gas lease was made and entered into between Marian E. Brown and James L. Brown, her husband, therein and hereinafter referred to as "Lessor" and Central Appalachian Petroleum, and later assigned to Phillips Production Company hereinafter referred to as "Lessee" by an assignment of Oil and Gas Leases dated October 9, 2000 and recorded in Tompkins County as Liber 895, Page 221. Said lease covers 58 acres of land, more or less, in the Town of Newfield, Tompkins County and identified as Tax Map Parcel 20.1-14.2 and 20.1-14.3.

Whereas, by virtue of Partial Assignment of Oil and Gas Leases dated November 9, 2001 and recorded in Tompkins County as Liber CD2502, Page 2797, a 50% interest of said lease was assigned to Triana Energy, Inc., together with Phillips Production Company hereinafter referred to as "Lessee".

Whereas, Lessor is requesting a Partial Wavier of Surface Use for a 2.90 acre parcel, see attached Exhibit "A". Lessor has requested that Lessee not conduct drilling or producing operations inside the said 2.90 acre parcel located in The Town of Newfield, Tompkins County, New York.

NOW THEREFORE, for and in consideration for the sum of One and No/100 Dollar (\$1.00) cash in hand paid to Phillips, the receipt of which is hereby acknowledged, Phillips covenants and agrees that it will not use any part of the surface within the 2.90 acre parcel for drilling operations, lease roads, pipeline right-of-ways, storage, nor any operations in connection with the production of oil or gas.

THIS AGREEMENT shall be a covenant running with the land and shall be binding upon the parties hereto, their heirs, successors and assigns; provided, however, nothing herein contained shall be construed as waiving, releasing or relinquishing any right, title or interest of Phillips, its successors or assigns, in and to the oil and gas in and under said parcel that may be produced from said land or the right of Phillips to exploit, develop or produce such oil and gas by directional drilling or other method from adjacent lands with wells bottomed beneath said parcel or by pooling or unitization with other lands for the purpose of producing and enjoying such oil and gas, and Lessor and his assigns hereby release Phillips from any liability for any covenant or condition of said Lease that may have to be breached as a result for this waiver.

EXCEPT as herein specifically provided, the terms and conditions of said Oil and Gas Lease shall be and remain in full force and effect as originally written or as modified by written agreement.

SCHEDULE A

ALL THAT TRACT OR PARCEL OF LAND situate in the Town of Newfield, County of Tompkins, and State of New York, being a part of Lot No. 9 in the Northwest section of Township No. 7 in the Twelve Townships, more particularly bounded and described as follows:

BEGINNING at a point in the centerline of Piper Road (formerly known as Van Buskirk Gulf Road), said point of beginning being located south 86 degrees 56' 45" east along the centerline of Piper Road from its intersection with the centerline of Sunnyview Road a distance of 571 feet, said point of beginning also being located south 86 degrees 56' 45" east 730 feet along the centerline of Piper Road from its intersection with the centerline of an abandoned road formerly known as David Cory Lane; running thence north 2 degrees 59' 20" east, passing through an iron pipe or pin at 25 feet, a total distance of 300 feet to a point marked by an iron pipe or pin; running thence north 86 degrees 39' 25" east 623.32 feet to a point marked by a tall pipe; running thence south 52 degrees 57' 05" west along the centerline of a ditch 573.54 feet to a point in the centerline of Piper Road; running thence north 86 degrees 56' 45" west along the centerline of Piper Road 180.40 feet to the point or place of beginning.

WITNESS THE EXECUTION HEREOF this 11th day of June 2002.

ATTEST:

PHILLIPS PRODUCTION COMPANY

Sam A. Grant
Assistant Secretary

By: Samuel E. Fragale
Vice President of Development Operations

[Corporate Seal]

ATTEST:

TRIANA ENERGY, INC.

James W. Hester

By: Shawn Casey
Vice President

On this day 11th of June 2002, before me, the undersigned officer, personally appeared Samuel E. Fragale, the Vice President of Development Operations for Phillips Production Company, a corporation, and that he, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as Vice President and affixed the corporate seal thereto

Notarial Seal
Bruce J. Kerr, Notary Public
Butler Twp., Butler County
My Commission Expires Feb. 5, 2006
Member, Pennsylvania Association Of Notaries

Bruce J. Kerr
Notary Public

My commission expires:
{Notary Seal}

On this day 19th of June 2002, before me, the undersigned officer, personally appeared Shawn Casey the Vice President for Triana Energy, Inc. a corporation, and that he, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of the corporation by himself as Vice President and affixed the corporate seal thereto.

Mark A. Williams
Notary Public

My commission expires: 12/10/11
{Notary Seal}

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
MARK A.T. WILLIAMS
15 Chansum Place
Elkview, WV 25071
My Commission Expires Dec. 10, 2011