



Allegheny County
Valerie McDonald Roberts
Department of Real Estate
Pittsburgh, PA 15219

Instrument Number: 2010-10184 BK-DE VL-14244 PG-90

Recorded On: April 30, 2010 As-Deed Oil & Gas Lease

Parties: SISTERS THIRD ORDER SAINT FRANCIS

To SYLVAN ENERGY L L C

of Pages: 7

Comment:

***** THIS IS NOT A BILL *****

Deed Oil & Gas Lease 82.50
Pages > 4 2
Names > 4 0
Total: 82.50

Valerie McDonald Roberts, Manager		-	BLOCK AND LOT NUMBER
Date: / /	- Int. By:		O & G
5.4.2010		KS	

I hereby certify that the within and foregoing was recorded in the Department of Real Estate in Allegheny County, PA

****DO NOT REMOVE-THIS PAGE IS PART OF THE RECORDED DOCUMENT****

File Information:

Document Number: 2010-10184
Receipt Number: 1570211
Recorded Date/Time: April 30, 2010 02:59:26P
Book-Vol/Pg: BK-DE VL-14244 PG-90
User / Station: D Truss - Cash Super 05

Record and Return To:

SYLVAN ENERGY LLC
ATTN: AMY SILLERS
1305 GRANDVIEW AVE
PITTSBURGH PA 15211



Valerie McDonald Roberts, Manager
Dan Onorato, County Executive

6

Received for Recording _____

Lease No.:

Recorded _____

Tax Map Ref.:

Book _____ Page _____

Renewal No.:

Co. Assessment Parcel No. 118-N-25

Expires:

OIL and GAS LEASE

THIS AGREEMENT made and entered into this the 29th day of January, 2008, by and between

Sisters of the Third Order of Saint Francis of 934 Forest Ave. Pittsburgh, Pa. 15202

hereinafter called Lessor (whether one or more), and

Sylvan Energy, LLC
1301 Grandview Avenue, Suite 200
Pittsburgh, PA 15211

hereinafter called Lessee,

WITNESSETH, that said Lessor, for and in consideration of the sum of ONE DOLLAR (\$1.00), the receipt of which is hereby acknowledged, and of the royalties herein provided, and of the covenants hereinafter contained to be paid, kept and performed by said Lessee, grants, demises, leases and lets, exclusively unto Lessee, the lands hereinafter described, with covenants of general warranty, for the purposes and with the rights of exploring by conducting geological surveys, by geophysical surveys with seismographs, by core tests, gravity, magnetic, geochemical and other methods whether now developed or developed later, and of constructing drill sites to drill new wells, recondition producing wells, redrill and use abandoned wells, pipe and equipment on the property, and of drilling either vertically or horizontally, producing, and otherwise operating for oil or gas or both along with all hydrocarbon substances produced in association therewith, together with the right and easement to construct, lay, operate, repair, maintain and remove pipelines, telephone, power and electric lines, tanks, ponds, permanent roadways including stone or rock roads, plants, stations, compressors, equipment and structures thereon including houses for valves, meters, regulators and other appliances, together with the exclusive right to inject air, gas, water, brine or other fluids into the subsurface strata, with any and all other rights and privileges necessary, incident to or convenient for such operations on this land, alone or co-jointly with neighboring lands for these purposes, together also with the right to unlimited access to the lease premises so Lessee can exercise the aforesaid rights, all that certain tract of land situate in the

Borough of Millvale, County of Allegheny, Commonwealth of Pennsylvania,

Tax ID# 118-N-25 and

containing, for the purpose of calculating rental payments, 17.71 acres of land whether actually containing more or less.

1. It is agreed that this lease shall remain in force for a primary term of Five Years from the date hereof and as long thereafter as the said land is operated by Lessee in the production of oil or gas or both, or this lease is maintained in force under any subsequent provisions hereof.

2. Lessee covenants and agrees:
(a) to deliver to the credit of Lessor, his heirs or assigns, free of costs, a royalty of one-eighth (1/8) of that native oil produced and saved from the lease premises, with the exception of non-commercial nuisance oil, and delivered at the wells or into the pipeline to which the wells may be connected. Lessee may from time to time purchase any royalty oil in its possession, paying the market price then prevailing for the field where produced, and Lessee may sell any royalty oil in its possession and pay Lessor the price received by Lessee for such oil computed at the well, and

(b) to pay Lessor as a royalty, for the native gas and casinghead gas or other gaseous substance, produced from said land and sold or used beyond the well or for the extraction of gasoline or other product, an amount equal to one-eighth (1/8) of the gross amount realized by Lessee computed at the wellhead from the sale of such substances, less any incurred taxes and third party charges, from each and every well. On gas sold at the well, the royalty shall be one-eighth (1/8) of the amount realized by Lessee from such sale, and

(c) payment of royalties hereunder shall be made or tendered monthly, or may be withheld at the discretion of the Lessee until such time as the total withheld exceeds twenty-five dollars (\$25.00), or annually at the end of the calendar year.

3. If Lessee shall not have begun drilling operations for the commencement of a well on this lease or on adjacent neighboring lands pooled or unitized with this lease within 90 days from the date hereof, Lessee agrees to pay to the Lessor the sum of Four Hundred Forty Two and 75/100 Dollars (\$ 442.75), as full and complete rental payment for this lease for the entire primary term of this lease. The commencement of a well shall, however, be and operate as a full liquidation of the lease rental payment of this lease for the entire primary term hereof.

4. All payments under this lease shall be made by check or voucher to the order of, and shall be mailed to, _____

Sisters of the Third Order of Saint Francis 934 Forest Ave. Pittsburgh, Pa. 15202 Attn: Business Office

until the Lessee shall have written notice from the Lessor, its heirs or assigns, accompanied by original or certified copies of deeds or other documents as Lessee may require, evidencing such change of ownership and directing payments to be made otherwise, and any payments made as above until such direction, and thereafter in accordance with such direction, shall absolve the Lessee from any liability to any heir or assign of the Lessor. All payments or royalty are to be made according to Lessor's respective interest therein, as herein set forth, and this lease shall not be forfeited for Lessee's failure to pay any rentals or royalties until Lessee has received written notice by

registered mail of such default and shall fail, for a period of sixty (60) days after receipt of such notice, to pay same. This lease shall never be subject to a civil action or other claim to enforce 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 sixty (60) days from the receipt of said notice by registered mail.

5. In addition to the covenants of general warranty hereinabove contained, Lessor further covenants and agrees, that if Lessor's title to the lease premises shall come into dispute or litigation, or, if in the judgment of Lessee, there are bona fide adverse claims to the rentals or royalties hereinabove provided for, then Lessee, at its option, may withhold the payment of said rentals or royalties without interest until final adjudication or other settlement of such dispute, litigation, claim or claims; and that Lessee, at its option, may pay and discharge any taxes, mortgages or other lien or liens existing, levied, assessed or which may hereafter come into existence or be levied or assessed on or against the lease premises, and in the event it exercises such option, Lessee shall be subrogated to the lien and any and all rights of any holder or holders thereof, and may reimburse itself by applying to the discharge of any such mortgage, tax, or other lien or liens, any rental or royalty accruing hereunder.

6. If and when drilling or other operations hereunder are delayed or interrupted by lack of water, labor or material, or by fire, storm, flood, weather, war, rebellion, insurrection, riot, strike, differences with workmen, failure of subcontractors, or failure of carriers to transport or furnish facilities for transportation, or as a result of any order, rule, regulation, requisition or necessity of the government, or any other recognized force majeure, or as the result of any other cause whatsoever beyond the control of Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

7. Lessee shall have the right to assign this lease or any interest therein and the assignee of Lessee shall have corresponding rights, privileges, and obligations with respect to said royalties and rentals as to the acreage assigned to it.

8. Lessee may, at any time during the term hereof, cancel and surrender this lease, and be relieved of any and all obligations, payments and liabilities thereafter to accrue as to the lease premises, by the mailing of a notice to Lessor of such cancellation and surrender.

9. It is agreed that Lessee may drill or not drill on said land as it may elect, and the consideration and rentals paid and to be paid hereunder constitute full adequate compensation for such privilege.

10. No well shall be drilled by Lessee within 200 feet of any dwelling or barn now on the lease premises, except by written consent of the owner of the surface on which such dwelling or barn is located. Lessee may locate drill sites and well bores where it deems necessary on said premises for the production of oil or gas or both. Lessee may construct and maintain drill site access roads connecting to available roads and/or to the nearest neighboring well operated by Lessee, or to which Lessee has the operator's permission to use its access road.

11. It is agreed that Lessee shall have the privilege of using free of charge sufficient water, other than potable water from Lessor's aquifer, springs and ponds, as well as oil and gas from any well drilled by Lessor on the lease premises, to run all machinery necessary for drilling and operations thereon.

12. If Lessee shall begin operations for the commencement of a well during the primary term of this lease, or any extension thereof, Lessee shall then have the right to complete the drilling of such well, and if oil or gas or both be found in paying quantities, this lease shall continue and be in force and with like effect as if such well had been completed within the term first herein mentioned.

13. The lease premises may be fully and freely used by Lessor for any purpose, excepting such parts as are used by Lessee in operation hereunder. Lessee's drilling, producing and operating sites on the lease premises are for Lessee's use only; Lessor shall not use such sites for storage.

14. Lessee shall pay Lessor for actual damages to growing crops, merchantable timber and fences caused by Lessee's operations on said lands and shall bury all permanent pipelines through cultivated areas below plow depth, when requested by Lessor owning an interest in the surface. Damages shall be calculated at current marketable value only; in no instance shall estimates of future values be considered.

15. Lessee is hereby granted the right to pool and unitize all or any part of the land described above with any other lease or leases, land or lands, mineral estates, or any of them whether owned by the Lessee or others, so as to create one or more drilling or production units. Each such drilling or production unit shall not exceed 640 acres in extent and shall conform to the rules and regulations of any lawful government authority having jurisdiction of the premises, and with good drilling or production practice in the area in which such unit is located. In the event of the unitization of the whole or any part of the land covered by this lease, Lessee shall before or after the completion of the well, record a copy of its unit operation designation in the County wherein the lease premises are located and mail a copy thereof to the Lessor. In order to give effect to the known limits of the pool of oil or gas or both as such limits may be determined from available geological or scientific information or drilling operations, Lessee may at any time increase or decrease that portion of the acreage covered by this lease which is included in any drilling or production unit, or exclude it altogether, provided that written notice thereof shall be given to Lessor promptly. As to each drilling or production unit designated by the Lessee, the Lessor agrees to accept and shall receive out of the production or the proceeds from the production from such unit, such proportion of the royalties specified herein, as the number of acres out of the lands covered by this lease which may be included from time to time in any such unit bears to the total number of acres included in such unit rather than the full amount of the royalty stated in section 2 above. The commencement, drilling, completion of or producing from a well on any portion of the unit created under the terms of this paragraph shall have the same effect upon the terms of this lease as if a well were commenced, drilled, completed or producing on the land described herein.

16. If at any time either during or after the primary term hereof there is a well capable of producing gas (with or without condensate) in paying quantities located upon the premises or on lands pooled therewith but such well is awaiting pipeline connection or is shut-in for any other reason (whether before or after production) and this lease is not maintained in force by operations or production at any well or by other activity or event, nevertheless it shall be considered that gas is being produced in paying quantities within the meaning of this lease. On or before the end of the initial year during which this lease is maintained in force for the entire annual period under this paragraph 16, Lessee shall pay or tender to Lessor hereunder, or to those entitled to the royalties provided in this lease a shut-in royalty

equal to \$1.00 per acre for the acreage held under this lease at the time such payment or tender is made. Each subsequent payment or tender shall be made thereafter in like manner and amount on or before the end of each annual period while the lease was maintained in force for the entire annual period under the first sentence of this paragraph 16. Lessee's failure to timely or correctly pay or tender the shut-in royalty for any year shall not operate to terminate this lease or serve as a basis for its cancellation, but Lessee shall correct any erroneous payment or tender, when notified thereof, and if late then Lessee shall make the correcting payment or tender with interest at the rate of eight (8%) percent per annum to those to whom such shut-in royalty was not timely or correctly paid or tendered. As long as any well is shut-in, it shall be considered for the purposes of maintaining this lease in force that gas is being produced in paying quantities and this lease shall continue in effect both before and after the primary term.

17. Lessee shall be entitled during the term of this lease to lay and maintain pipelines on and across Lessor's premises to transport, without any fee payable therefore to Lessor, natural gas, oil or other products produced on the said tract of land and/or on other lands whether or not adjacent to the tract of land described herein. Lessor covenants that it will not grant similar rights to any person or firm other than Lessee. Any such transportation or gathering lines shall always remain the property of the Lessee.

18. Beyond the term of this lease, Lessee shall not be entitled to lay and maintain additional pipelines across Lessor's premises without specific written consent of Lessor. However, any pipelines laid during the term of this lease shall continue to be operative at the Lessee's option without any fee payable to Lessor and Lessee shall continue to have the right of unlimited access to maintain or remove said pipelines.

19. Lessee shall sell the production of the well on such terms and conditions as Lessee, in its sole discretion, may deem appropriate. Lessee shall have no duty to obtain production sales terms, which maximize the royalties payable to Lessor hereunder.

20. Lessee, in its sole discretion, may plug and abandon any well which it has drilled on the lease premises. Upon abandonment of said well or wells drilled on the lease premises, Lessee shall convey back to Lessor the drill site, access road(s) to said drill site(s), culverts and gates. Transportation and gathering pipelines shall remain the property of the Lessee and Lessee shall continue to have the right of unlimited access to maintain or remove said pipelines.

21. Lessee shall have the right at any time during the term of this lease or after the expiration or termination thereof to remove all machinery, fixtures, pipelines, meters, well equipment, houses, buildings, and other structures which Lessee has placed or caused to be placed on said premises, including the right to pull and remove all casing and tubing.

22. All the terms, conditions, limitations and covenants herein contained shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, successors, personal representatives and assigns, but no representations other than those herein contained shall be binding on either party.

23. Lessor hereby warrants that: (i) the lease premises are not encumbered by any enforceable oil or gas lease(s) of record or otherwise, and (ii) Lessor is not currently receiving any bonus, rental, production royalty or shut-in royalty as the result of any prior oil or gas lease(s) covering any or all of the subject property, and (iii) any wells drilled upon the lease premises, or upon any lands with which the lease premises have been combined in a drilling or production unit, have been plugged and abandoned.

24. If during the term of this lease the Lessor makes a conveyance whereby the surface rights are transferred on the entire lease or a portion thereof, Lessor shall promptly give notice of same to Lessee and Lessor shall forward to Lessee a recorded copy of such conveyance. Lessor shall similarly provide the new title holder(s) to the surface rights with the terms and provisions of this Oil and Gas Lease that said title holders are subject to.

25. If Lessor receives an offer to lease the oil or gas or both concerning any portion of the lease premises described herein at any time while this agreement remains in full force and effect, or within six (6) months thereafter, Lessor hereby agrees to notify Lessee of offeror's name, and to offer immediately to Lessee, in writing, the same lease terms. Lessee shall have fifteen (15) days to accept or reject the said offer to lease the oil and gas covered by the offer at the price, terms, and conditions specified in the offer. Failure of Lessor to provide such notice and offer to Lessee shall terminate any Lease entered into between Lessor and such offeror.

26. This instrument may be executed in counterparts each having the same validity and all of which shall constitute but one and the same instrument. Should any one or more of the parties named as Lessor fail to execute this lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor.

IN WITNESS WHEREOF, the parties to this agreement have hereunto set their hands and seals the day and year first above written.

WITNESS(ES):

Linda Hyde
Printed Name Linda Hyde

Printed Name _____

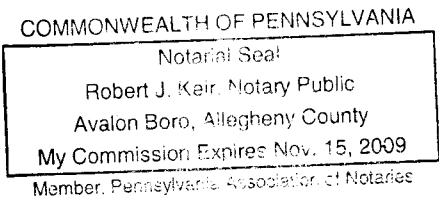
LESSOR(S) SIGNATURES:

Sister Elaine Hromulak OSB
Printed Name Sister Elaine Hromulak
Mother Superior

Printed Name _____

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF Allegheny



On this, the 29th day of January, 2008, before me Robert J. Keir,
(Notary Print Name)

The undersigned officer, personally appeared Sister Elaine Hromulak (mother Superior) satisfactorily proven to me to be the person(s) whose name(s) is (are) subscribed to the within instrument, and acknowledged that he/she/they executed the same for the purposes therein contained.

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

My Commission expires: November 15, 2009

Robert J. Keir
Notary Public

ADDENDUM "A"

This Addendum "A" is attached to and made a part of that certain oil and gas Lease dated January 29, _____, 2008, by and between Sisters of the Third Order of Saint Francis as Lessor(s) and Sylvan Energy LLC, as Lessee, covering 17.71 acres, Tax ID# 118-N-25 situate in Borough of Millvale _____, Allegheny _____ County, Pennsylvania.

Lessor may use up to 200,000 cubic feet of gas free of charge per calendar year from the gas that Lessee may hereafter produce or otherwise have available from one and only one gas production well completed and operated by Lessee hereunder upon the lease premises, such amount to be proportionately adjusted for that part of the calendar year such well is producing, by Lessor laying the necessary lines and making connections at Lessor's cost, and provided said gas is used with economical appliances when and as long as Lessee may elect to produce or operate such well. Such gas shall be solely for domestic purposes in one dwelling house on said lease premises, at Lessor's own risk, provided at the time a well is first drilled and completed hereunder Lessor owns a dwelling house located on that part of the lease premises on which such well is located. In no event shall said gas be used to operate appliances that serve garage(s), store rooms, barns, or similar non-habited room(s) or structures, whether or not attached to the dwelling house.

The regulation or measurement of such gas will be by regulators or meters approved by Lessee but furnished and paid for by Lessor, placed at a point on the demised premises designated by Lessee. All pipeline construction activities, as well as all activities related to the installation of appliances that will use said free gas are subject to all Federal, State and Local laws, which may include a requirement to use a licensed plumber to install said equipment and pipelines. A mechanical inspection conducted by the appropriate government authority may be required, based on Local, State or Federal laws. Lessor is responsible to pay all permit and inspection fees related to the installation and approval of pipelines and equipment that will use said free gas.

Said gas shall be used at Lessor's own risk and Lessee is not to be in any way held liable for any interruption or insufficient supply of such gas for said domestic use caused by pumping stations, breakage of lines or otherwise, and Lessor shall have available an alternate source of fuel in the event of any such interruption or insufficient supply. Nothing herein shall prevent the Lessee from abandoning any well or wells or pipelines on the lease premises and removing the pipe therefrom at any time. If more than 200,000 cubic feet of gas per year is used, the excess shall be paid for at the rate charged to domestic consumers in the same area, and in case of Lessor's default in payment for gas used in excess of said 200,000 cubic feet, Lessee is hereby authorized to deduct the amount thereof from any royalty or other payments that are then due, or may later become due, under the terms of this lease. Lessor agrees that Lessee has the option and may exercise the option to discontinue the gas supply to Lessor until Lessor pays Lessee in full for any excess gas theretofore furnished. This privilege of gas free of charge is granted upon condition that the Lessor shall use said gas in safe and proper pipes and appliances and shall subscribe to and be bound by the reasonable rules and regulations of the Lessee. Lessor shall execute a Domestic User Gas Contract. Said contract shall set forth the safety and liability usage of the free gas.

Lessor hereby acknowledges and confirms that Lessor understands, recognizes and is fully aware of the highly dangerous character of gas and its tendency to escape. Moreover, Lessor hereby acknowledges and affirms that Lessor's use of said gas hereunder is being made with the full and complete understanding of the significant risks inherent with the use of said gas. Including, but not limited to, explosion and fire. **Lessor covenants and agrees that Lessor's use of said gas shall be solely and exclusively at Lessor's own risk. Lessor further covenants and agrees to indemnify and hold harmless Lessee from any and all claims, actions, suits, damages, and injuries, including but not limited to death, that arise out of or are related in any manner to Lessor's use of said free gas.**

Lessor further acknowledges that Lessee is not a regulated natural gas utility and that Lessee will not inspect or maintain the meters, regulators and pipelines installed hereunder, nor will Lessee inspect the appliances attached thereto. Lessor hereby acknowledges and confirms Lessor's responsibility to inspect and maintain same. **Lessor further covenants and agrees to indemnify and hold harmless Lessee from any and all claims, actions, suits, damages, and injuries, including but not limited to death, that arise out of or are related in any manner to the failure to properly inspect and maintain said meters, regulators and pipelines.**

Lessor understands and agrees that the use of and entitlement to the free gas shall be subject to the use, operation, pumping and right of abandonment by Lessee of its wells on said land. The service line required for Lessor's use of such gas shall be laid and the necessary meter, regulator(s), valves and fittings installed by a licensed plumber or pipeline contractor at Lessor's sole risk, cost and expense. The point of connection with Lessee's well shall be designated by Lessee. Lessee will provide to Lessor the necessary consumer meter for installation at Lessor's cost, and will be responsible for maintenance or service of same. Lessee will not be responsible for maintenance or service of Lessor's equipment, line, regulators, appliances or other consumer equipment associated therewith.

In the event that this lease is part of a pool, the free gas herein referred to shall be used only by the Lessor upon whose property the well is located. If there is more than one applicant from the drill site lease, the first approved applicant will be the only applicant eligible for the free gas.

Lessor may not sell, transfer, nor convey in any manner this use of free gas. Said use of free gas will terminate immediately upon such sale, transfer or conveyance, or upon the sale, transfer or conveyance of any rights of Lessor under this lease that could be interpreted as selling, transferring or conveying Lessor's use of free gas.

Signature

Jane Elmer Humalak ASD

Record and Mail to:
Sylvan Energy, LLC.
Attn: Amy Sillers
1305 Grandview Ave.
Pittsburgh, PA 15211

