

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 17 day of September 05, by and between

Mont L McBride and Margaret E McBride his wife
234 McBride Rd
New Galilee Pa 16141 Phone 736-5832

hereinafter called Lessor, and Central Appalachia Petroleum Corporation, 7095 East Market Street, Suite B, Warren, Ohio 44484, Ph# (330) 856-1827, hereinafter called Lessee, WITNESSETH:

1. That Lessor, for and in consideration of One dollar (\$1.00) and other valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto Lessee, for the purpose of exploring by geophysical, seismic and other methods, drilling, operating for, producing and removing oil and gas and all constituents thereof, and of injecting and storing, air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of Lessee), the right to conduct surveys and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of source of such gas or location of the wells, which right to transport gas from other properties across leasehold premises shall survive the term of this lease for so long as transportation of such gas may be desired by Lessee, and of placing of tanks, equipment, roads and structures thereon to process and operate for the said products, together with the right to enter into and upon leased premises at all times for the aforesaid purposes, being all that certain tract of land situated as follows: Parcel # 26-110300

Section/Lot North Beaver Township Lawrence County, Pa

bounded substantially by lands now and/or formerly owned as follows:
North by lands of: McCullough Map 1413-109 Acs 75
East by lands of: Patterson - McDove Contained By: KMO Map Acs
South by Lands of: McKinnsey Map Acs
West by Lands of: Olyar - Ruthman Map Acs

being all the property owned by Lessor or to which Lessor may have rights in or adjoining said Section/Lot(District), containing 75 acres, more or less, and being property described in Deed Volume/Page(s) of the County, Record of Deeds.

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by Lessee for a term of 10 years and so much longer thereafter as oil and gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of Lessee, or as the premises shall be operated by Lessee in the search for oil or gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within 12 months from the date hereof, a well shall be commenced on the premises, or unless Lessee shall thereafter pay a delay rental of \$ 225.00 Dollars each year, payments to be made quarterly, semi-annually or annually until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced. It is stipulated that this lease shall be not terminate for nonpayment of delay rentals unless Lessor first gives Lessee sixty (60) days written notice by registered mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said sixty (60) day period.

4. In consideration of the premises Lessor covenants and agrees: (A) To deliver to the credit of Lessor in tanks or pipelines, as royalty, free of cost, one-eighth (1/8) of all oil produced and saved from the premises, or at Lessee's option to pay Lessee the market price for such one-eighth (1/8) royalty oil at the published rate for oil of the grade and gravity prevailing on the date such oil is sold into tanks or pipelines. Payments of royalty for oil marketed during any calendar month to be on or about the 6th day after receipt of such funds by Lessee. (B) To pay to Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled hereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds atmospheric pressure, at a standard base temperature of 60 degrees Fahrenheit and stipulated flowing temperature of 60 degrees Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation, dehydration and compression paid by Lessee to deliver the gas for sale. Payment of royalty for gas marketed during any calendar month to be on or about the 6th day after receipt of such funds by Lessee. (C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee. Lessor's prorate share of any tax imposed by any government body. (D) In the event Lessee does not sell the gas to others, Lessor shall be paid on the basis of the lowest field market price paid by any public utility in the state at the well head for gas of like kind and quality, and on the same basis that such utility would pay for such gas, including any escalation in price that such utility would pay for such gas as if a contract for the sale of same had been entered into at the time of initial production.

5. All money due under this lease shall be paid or tendered to Lessor by check made payable to the order of and mailed to: As Above at As Above and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to Lessee of notice of change of ownership as hereinafter provided.

6. Lessor may, at Lessor's sole risk and cost, lay a pipeline to any one gas well on the premises, and take gas produced from said well for domestic use in one dwelling house on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by Lessee, and subject to any curtailments or shut-in by any purchaser of the gas. The first two hundred thousand cubic feet of gas taken each calendar year shall be free of cost, but all gas in excess of two hundred thousand cubic feet of gas taken in each calendar year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessor's expense. Lessor shall be also, at request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that Lessor shall subscribe to and be bound by the reasonable rules and regulations of Lessee relating to use of free gas, and Lessor shall maintain said pipeline, regulators and equipment in good repair and free of all gas leaks and operate same so as not cause waste or unnecessary leaks of gas. If Lessor shall take excess gas as aforesaid in any calendar year and fail to pay for same, Lessee may deduct payment for such excess gas from and rentals or royalties accruing to Lessor hereunder. Lessor acknowledges that he has been advised as to risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks whether same be caused by Lessor's acts or equipment, or whether same be caused by Lessee's equipment or well operation; and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from and claims of any nature whatsoever which may arise by the usage of gas from any such well by Lessee, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises, or assignment by Lessee, wherein someone other than Lessor is entitled to take the gas under this Paragraph 6, that the gas supply will be terminated by Lessee until the Buyer of the property, or his successor to the rights to use said gas, executes an agreement regarding the usage of the gas. In the absence of such an agreement, from gas under this provision shall terminate. The within right of free gas shall not be assignable without the consent of Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within twelve (12) months from the date of the completion of the plugging of such well, Lessee shall commence another well, or unless, Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinafter provided. In the event that the last producing well located on the subject premises or consolidated development unit utilizing all or a portion of the leasehold premises is plugged and abandoned by Lessee according to law before the expiration of the primary term of the within lease, this lease shall remain in full force and effect so long as Lessee commences the payment of the delay rental set forth in Paragraph 3 above within thirty (30) days after the plugging of said well, and so long as Lessee thereafter commences a new well on the subject premises or on a consolidated development unit utilizing a portion of the leasehold premises within twelve (12) months after the plugging and abandonment of said well.

8. In the event a well drilled hereunder is a producing well and Lessee is unable to market the production therefrom, or should cease from a production well drilled on the premises, or should Lessee desire to shut in producing wells, whichever is later in time, and provided that there are no producing wells on the lease or on an oil and gas development unit utilizing all or a portion of the lease as defined in Paragraph 10, then in that event Lessee agrees to pay Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting on of producing wells, an advance royalty of \$1.00 per acre per year until production is marketed and sold off the premises or such well is plugged and abandoned according to law.

9. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will accepted by Lessor as adequate and full consideration for all rights herein granted to Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as Lessee may elect.

10. Lessor hereby grants to Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than 640 acres, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit, whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the provisions and covenants of this lease to the same effect as if all the lands comprising said unit, were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinafter provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease entering into the lease or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office of the courthouse in the county in which the leased premises are located and by sending a copy thereof to Lessor at the address hereinafter set

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 17 day of September, 20 05, by and between

Mont L McBride and Margaret E McBride his wife
234 McBride Rd

of New Galilee Pa 16141 724 336-5822
hereinafter called Lessor, and Central Appalachian Petroleum Corporation, 7055 East Market Street, Suite B, Warren, Ohio 44484, Ph# (330) 856-1827, hereinafter called Lessee, WITNESSETH:

1. That Lessor, for and in consideration of One dollar (\$1.00) and other valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto Lessee, for the purpose of exploring by geophysical, seismic and other methods, drilling, operating for, producing and removing oil and gas and all constituents thereof, and of injecting and storing, air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required by the opinion of Lessee), the right to conduct surveys and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of source of such gas or location of the wells, which right to transport gas from other properties across leasehold premises shall survive the term of this lease for so long as transportation of such gas may be desired by Lessee, and of placing of tanks, equipment, roads and structures thereon to process and operate for the said products, together with the right to enter into and upon leased premises at all times for the aforesaid purposes, being all that certain tract of land situated as follows:

Section/Lot New Beaver Township Lawrence County, Pa
bounded substantially by lands now and/or formerly owned as follows: Parcel# 17-043400
North by lands of: Kennedy - McCullough Certified Map 1201-110A Acs 72.25
East by lands of: Patterson - McDure Map Acs
South by Lands of: McKinney Map Acs
West by Lands of: Olayer - Barthomew MLM 72.25 Acs
being all the property owned by Lessor or to which Lessor may have rights in or adjoining said Section/Lot/District(s), containing 71.5 acres, more or less, and being property described in Deed Volume/Pages(s) of the County, Record of Deeds.

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by Lessee for a term of 10 years and so much longer thereafter as oil and gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of Lessee, or as the premises shall be operated by Lessee in the search for oil and gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within 12 months from the date hereof, a well shall be commenced on the premises, or unless Lessee shall thereafter pay a delay rental of \$216.75 MLM Dollars each year, payments to be made quarterly, semi-annually or annually until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced. It is stipulated that this lease shall not terminate for nonpayment of delay rentals unless Lessor first give Lessee sixty (60) days written notice by registered mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said sixty (60) day period.

4. In consideration of the premises Lessee covenants and agrees: (A) To deliver to the credit of Lessor in tanks or pipelines, as royalty, free of cost, one-eighth (1/8) of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for each one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is sold into tanks or pipelines. Payments of royalty for oil marketed during calendar month to be on or about the 60th day after receipt of such funds by Lessee (B) To pay to Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds atmospheric pressure, at a standard base temperature of 60 degrees Fahrenheit and stipulated flowing temperature of 60 degrees Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation, dehydration and compression paid by Lessee to deliver the gas for sale. Payment of royalty for gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by Lessee. (C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee. Lessor's pro rata share of any tax imposed by any government body. (D) In the event Lessee does not sell the gas to others, Lessor shall be paid on the basis of the lowest field market price paid by any public utility in the state at the well head for gas of like kind and quality, and on the same basis that such utility would pay for such gas, including any escalation in price that such utility would pay for such gas as if a contract for the sale of same had been entered into at the time of initial production.

5. All money due under this lease shall be paid or tendered to Lessor by check made payable to the order of and mailed to As Above and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to Lessee of notice of change of ownership as hereinafter provided.

6. Lessor may, at Lessor's sole risk and cost, lay a pipeline to any one gas well on the premises, and take gas produced from said well for domestic use in any dwelling house on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by Lessee, and subject to any covenants or shut-in by any purchaser of the gas. The first two hundred thousand cubic feet of gas taken each calendar year shall be free of cost, but all gas in excess of two hundred thousand cubic feet of gas taken in each calendar year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessee's expense. Lessor shall be also, at request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that Lessor shall subscribe to and be bound by the reasonable rates and regulations of Lessee relating to use of free gas, and Lessor shall maintain said pipeline, regulators and equipment in good repair and free of all gas leaks and operate same so as not cause waste or unnecessary leaks of gas. If Lessor shall take excess gas as aforesaid in any calendar year and fail to pay for same, Lessee may deduct payment for such excess gas from and rentals or royalties according to Lessor hereunder. Lessor acknowledges that he has been advised as to risks inherent in the taking of gas in this manner, and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from and claims of any nature whatsoever which may arise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises, or assignment by Lessor, wherein someone other than Lessor is entitled to take the gas under this Paragraph 6, that the gas supply will be terminated by Lessee until the Buyer of the property, or and successor to the rights to use said gas, executes an agreement regarding the usage of the gas. In the absence of such an agreement, free gas under this provision shall terminate. The within right of free gas shall not be assignable without the consent of Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within twelve (12) months from the date of the completion of the plugging of such well, Lessee shall commence another well, or unless, Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinabove provided. In the event that the last producing well located on the subject premises or consolidated development unit utilizing all or a portion of the leasehold premises is plugged and abandoned by Lessee according to law either before the expiration of the primary term of the within lease, this lease shall remain in full force and effect so long as Lessee commences the payment of the delay rental set forth in Paragraph 3 above within thirty (30) days after the plugging of said well, and so long as Lessee thereafter commences a new well on the subject premises or on a consolidated development unit utilizing a portion of the leasehold premises within twelve (12) months after the plugging and abandonment of said well.

8. In the event a well drilled hereunder is a producing well and Lessee is unable to market the production therefrom, or should cease from a production well drilled on the premises, or should Lessee desire to shut in producing wells, whichever is later in time, and provided that there are no producing wells on the lease or on an oil and gas development unit utilizing all or a portion of the lease as defined in Paragraph 10, then in that event Lessee agrees to pay Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting on of producing wells, an advance royalty of \$1.00 per acre per year until production is marketed and sold off the premises or such well is plugged and abandoned according to law.

9. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will accepted by Lessor as adequate and full consideration for all rights herein granted to Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as Lessee may elect.

10. Lessor hereby grants to Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than 640 acres, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit, whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the purposes and covenants of this lease to the same effect as if all the lands comprising said unit were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in any dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinbefore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to Lessor at the address hereinabove set

forth unless Lessee is furnished with another address. If the well on said development unit shall thereafter be shut in, the well rental for shut-in royalty hereinafter provided for such use shall be payable to the owners of the parcels of land comprising said unit in the proportion that the acreage of each parcel bears to the entire acreage consolidated. Lessee shall have the right to amend, alter or correct any such consolidation at any time in the same manner as herein provided.

11. In case Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

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

13. Lessee, and any successor Lessee, shall have the right to assign and transfer the within lease in whole or in part, and Lessor waives notice of any assignment or transfer of the lease. Failure of payment of rental or royalty on any part of this lease shall not void this lease as to any other part. Lessor agrees that when and if the within lease, or any part thereof, is assigned, Lessee herein shall have no further obligations hereunder as to the assigned interest. Lessor further grants to Lessee, for the protection of Lessee's interest hereunder, the right to pay and satisfy any claim or lien against Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply on the payment of any existing liens on the premises.

14. Lessee shall bury, when so requested by Lessor, all pipelines used to conduct oil or gas to, on, through and off premises and pay all initial damages to growing crops and drainage dikes caused by operations under this lease. Lessee agrees to restore premises in accordance with state laws. Any damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by Lessor, one by Lessee, and third by the two so appointed, and the award of such three persons shall be final and conclusive and binding on all parties. Each party shall pay cost of their appraiser and shall share cost of the third appraiser. Arbitration, as to such damages, shall be mandatory.

15. Lessor agrees to abide by all reasonable safety policies of Lessee with respect to Lessee's operations, including but not limited to: No structures shall be erected or moved on a location within one hundred feet (100') of a well or tank battery, or within twenty-five feet (25') of Lessee's pipelines.

16. Lessee shall have the privilege of using sufficient oil, gas and water for operating on the premises and the right, but not the obligation, at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. Lessee shall have the right to surrender this lease or any portion thereof by written notice to Lessor describing the portion which it elects to surrender, or by returning the lease to Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this lease, any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion or all the premises indicated on said surrender, and the land rental hereinafter set forth shall be reduced in proportion to the acreage surrendered.

17. In the event Lessee is unable to perform any of the acts to be performed by Lessee by reason of force majeure, including but not limited to acts of God, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until Lessee can perform said act or acts. In no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

18. In the event Lessor considers that Lessee has not complied with any of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

19. In consideration of the acceptance of this lease by Lessee, Lessor agrees for himself and his heirs, successors and assigns, that no other lease for the minerals covered by this lease shall be granted by Lessor during the term of this lease or any extension or renewal thereof granted to Lessee herein. Upon the expiration of this lease and within sixty (60) days thereafter, Lessor grants to Lessee an option to extend or renew under similar terms a like lease.

20. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns, and Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them. Lessor further agrees to sign such additional documents as may be reasonably requested by Lessee to perfect Lessee's title to the oil and gas leased herein and such other documents relating to the sale of production as may be required by Lessee or others. Lessor grants Lessee a power of attorney to execute indemnifying division orders for the sale of gas and oil.

21. _____

WITNESS WHEREOF the Lessors have hereunder set their hands.

(print name) _____ (print name) Mont L. Mc Bride Social Security or Tax ID No _____
(print name) _____ (print name) Margaret E. McBride Social Security or Tax ID No _____
(print name) _____ (print name) _____ Social Security or Tax ID No _____

ACKNOWLEDGEMENT

STATE OF PA
COUNTY OF Lawrence
On this 17 day of Sept, 2005, before me, Raymond E. Mazzanti, a Notary Public, came Mont L. McBride and Margaret E. McBride to me known (or to me satisfactorily proven) to be the individual(s) described in, and who executed the foregoing instrument, and acknowledged that he/she/they executed the same for the purposes there in contained.
In witness thereof, I hereunto set my hand and official seal.

Raymond E. Mazzanti
Signature of Notary Public
My commission expires _____
COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
RAYMOND E. MAZZANTI, Notary Public
City of New Castle, Lawrence County
My Commission Expires April 13, 2008

CORPORATE ACKNOWLEDGEMENT

STATE OF _____
COUNTY OF _____
On this _____ day of _____, 20____, before me, _____, a Notary Public, came _____ 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: _____

OIL AND GAS LEASE

THIS AGREEMENT, made and entered into this 17 day of September 05 by and between

Mont L McBride and Margaret E McBride his wife
RTE 368 - 234 McBride Rd
New Galilee Pa 16141

hereinafter called Lessor, and Central Appalachia Petroleum Corporation, 7095 East Market Street, Suite B, Warren, Ohio 44484-1110 (330) 856-1827, hereinafter called Lessee, WITNESSETH:

1. That Lessor, for and in consideration of Ohio dollar (\$1.00) and other valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto Lessee, for the purpose of exploring by geophysical, seismic and other methods, drilling, operating, leasing, producing and removing oil and gas and all constituents thereof, and of injecting and storing, air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of Lessee), the right to conduct surveys and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject and other lands, regardless of address of such gas or location of the wells, which right to transport gas from other properties across leasehold premises shall survive the term of this lease for so long as transportation of such gas may be desired by Lessee, and of placing of tanks, equipment, roads and structures thereon to procure and operate for the said products, together with the right to enter into and upon leased premises at all times for the aforesaid purposes, being all that certain tract of land situated as follows:

Section of Little Beaver Township Lawrence County, Pa
Parcel # 23-025600

North by lands of Kennedy - McCullough Map 1306-102 Acs 35
East by lands of Murray Patterson - McDure Map Acs
South by Lands of McKinney Map Acs
West by Lands of Olayer - Barthemen Map Acs

being all the property owned by Lessor or to which Lessor may have rights in or adjoining said Section of District(s), containing 35 acres, more or less, and being property described in Deed Volume/Page(s) of the County, Record of Deeds.

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by Lessee for a term of 10 years and so much longer thereafter as oil and gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of Lessee, or as the premises shall be operated by Lessee in the search for oil or gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within 12 months from the date hereof, a well shall be commenced on the premises, or unless Lessee shall thereafter pay a delay rental of \$ 105.00 Dollars each year, payments to be made quarterly, semi-annually or annually until the commencement of a well. A well shall be deemed commenced when preparations for drilling have been commenced. It is stipulated that this lease shall be not terminate for nonpayment of delay rentals unless Lessor first gives Lessee sixty (60) days written notice by registered mail of such nonpayment, and Lessee fails to tender such payment to Lessor within said sixty (60) day period.

4. In consideration of the premises Lessor covenants and agrees: (A) To deliver to the credit of Lessor in banks or pipelines, as royalty, free of cost, one-eighth (1/8) of all oil produced and saved from the premises, or all Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of the grade and gravity prevailing on the date such oil is sold into tanks or pipelines. Payments of royalty for oil marketed during and calendar month to be on or about the 60th day after receipt of such funds by Lessee (B) To pay to Lessor, as royalty for the gas marketed and used of the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 atmos above 14.73 pounds atmospheric pressure, at a standard base temperature of 60 degrees Fahrenheit and stipulated flowing temperature of 60 degrees Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation, dehydration and compression paid by Lessee to deliver the gas for sale. Payment of royalty for gas marketed during any calendar month to be on or about the 60th day after receipt of such funds by Lessee. (C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee. Lessor's promise of any tax imposed by any government body. (D) In the event Lessee does not sell the gas in others, Lessor shall be paid on the basis of the lowest field market price paid by any public utility in the state at the well head for gas of the kind and quality, and on the same basis that such utility would pay for such gas, including any escalation in price that such utility would pay for such gas as if a contract for the sale of same had been entered into at the time of initial production.

5. All money due under this lease shall be paid or tendered to Lessor by check made payable to the order of and mailed to: As Above at As Above and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or in the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to Lessee of notice of change of ownership as hereinafter provided.

6. Lessor may, at Lessor's sole risk and cost, lay a pipeline in any one gas well on the premises, and take gas produced from said well for domestic use in one dwelling house on the leased premises, at Lessor's own risk, subject to the use and the right of abandonment of the well by Lessee, and subject to any curtailments or shut-in by any purchaser of the gas. The first two hundred thousand cubic feet of gas taken each calendar year shall be free of cost, but all gas in excess of two hundred thousand cubic feet of gas taken in each calendar year shall be paid for at the last published rate of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessor's expense. Lessor shall be also, at request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that Lessor shall subscribe to and be bound by the reasonable rules and regulations of Lessee relating to use of free gas, and Lessor shall maintain said pipeline, regulators and equipment in good repair and free of all gas leaks and operate same so as not cause waste or unnecessary leaks of gas, if Lessor shall take excess gas as aforesaid in any calendar year and fail to pay for same, Lessee may deduct payment for such excess gas from and royalty or royalties accruing to Lessor hereunder. Lessor acknowledges that he has been advised as to risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks whether or same be caused by Lessor's lines or equipment, or whether same be caused by Lessee's equipment or well operation; and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from and claims of any nature whatsoever which may arise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises, or assignment by Lessor, wherein someone other than Lessor is entitled to take the gas under this Paragraph 6, that the gas supply will be furnished by Lessee until the Buyer of the property, or and successor to the rights to use said gas, executes an agreement regarding the usage of the gas. In the absence of such an agreement, free gas under this provision shall terminate. The within right of free gas shall not be assignable without the consent of Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within twelve (12) months from the date of the completion of the plugging of such well, Lessee shall commence another well, or unless, Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinabove provided. In the event that the last producing well located on the subject premises or consolidated development unit utilizing all or a portion of the leasehold premises is plugged and abandoned by Lessee according to law either before the expiration of the primary term of the within lease, this lease shall remain in full force and effect so long as Lessee commences the payment of the delay rental set forth in Paragraph 3 above within thirty (30) days after the plugging of said well, and so long as Lessee hereafter commences a new well on the subject premises or on a consolidated development unit utilizing a portion of the leasehold premises within twelve (12) months after the plugging and abandonment of said well.

8. In the event a well drilled hereunder is a producing well and Lessee is unable to market the production therefrom, or should cease from a production well drilled on the premises, or should Lessee desire to shut in producing wells, whichever is later in time, and provided that there are no producing wells on the lease or on an oil and gas development unit utilizing all or a portion of the lease as defined in Paragraph 10, then in that event Lessee agrees to pay Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting on of producing wells, an advance royalty of \$1.00 per acre per year until production is marketed and sold off the premises or such well is plugged and abandoned according to law.

9. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will accepted by Lessor as adequate and full consideration for all rights herein granted to Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise, as Lessee may elect.

10. Lessor hereby grants to Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit of not more than 640 acres, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but Lessee shall in no event be required to drill more than one well on such unit. Any well drilled on said development unit whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the purposes and covenants of this lease to the same effect as if all the lands comprising said unit were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty heretofore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit. Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to Lessor at the address hereinabove set

forth unless Lessee is furnished with another address. If the well on said development unit shall thereafter be shut in, the well rental for shut-in royalty hereinbefore provided for such use shall be payable to the owners of the parcels of land comprising said unit in the proportion that the acreage of each parcel bears to the entire acreage consolidated. Lessee shall have the right to amend, alter or correct any such consolidation at any time in the same manner as herein provided.

11. In case Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

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

13. Lessee, and any successor Lessee, shall have the right to assign and transfer the within lease in whole or in part, and Lessor waives notice of any assignment or transfer of the lease. Failure of payment of rental or royalty on any part of this lease shall not void this lease as to any other part. Lessor agrees that when and if the within lease, or any part thereof, is assigned, Lessee herein shall have no further obligations hereunder as to the assigned interest. Lessor further grants to Lessee, for the protection of Lessee's interest hereunder, the right to pay and satisfy any claim or lien against Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply on the payment of any existing liens on the premises.

14. Lessee shall bury, when so requested by Lessor, all pipelines used to conduct oil or gas to, on, through and off premises and pay all initial damages to growing crops and drainage tiles caused by operations under this lease. Lessee agrees to restore premises in accordance with state laws. Any damages if not mutually agreed upon, to be ascertained and determined by three disinterested persons, one thereof to be appointed by Lessor, one by Lessee, and third by the two so appointed, and the award of such three persons shall be final and conclusive and binding on all parties. Each party shall pay cost of their appraiser and shall share cost of the third appraiser. Arbitration, as to such damages, shall be mandatory.

15. Lessor agrees to abide by all reasonable safety policies of Lessee with respect to Lessee's operations, including but not limited to: No structures shall be erected or moved on a location within one hundred feet (100') of a well or tank battery, or within twenty-five feet (25') of Lessee's pipelines.

16. Lessee shall have the privilege of using sufficient oil, gas and water for operating on the premises and the right, but not the obligation, at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. Lessee shall have the right to surrender this lease or any portion thereof by written notice to Lessor describing the portion which it elects to surrender, or by returning the lease to Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this lease, any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrenderor shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion or all the premises indicated on said surrender, and the land rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered.

17. In the event Lessee is unable to perform any of the acts to be performed by Lessee by reason of force majeure, including but not limited to acts of God, strikes, riots and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until Lessee can perform said act or acts in no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

18. In the event Lessor considers that Lessee has not complied with any of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

19. In consideration of the acceptance of this lease by Lessee, Lessor agrees for himself and his heirs, successors and assigns, that no other lease for the minerals covered by this lease shall be granted by Lessor during the term of this lease or any extension or renewal thereof granted to Lessee herein. Upon the expiration of this lease and within sixty (60) days thereafter, Lessor grants to Lessee an option to extend or renew under similar terms a like lease.

20. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns, and Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them. Lessor further agrees to sign such additional documents as may be reasonably requested by Lessee to perfect Lessee's title to the oil and gas leased herein and such other documents relating to the sale of production as may be required by Lessee or others. Lessor grants Lessee a power of attorney to execute indemnifying division orders for the sale of gas and oil.

21. _____

WITNESS WHEREOF the Lessors have hereunder set their hands.

(print name) _____ x Mont L. McBride (print name) MONT L. McBRIDE Social Security or Tax ID No _____
(print name) _____ x Margaret E. McBride (print name) MARGARET E. McBRIDE Social Security or Tax ID No _____
(print name) _____ (print name) _____ Social Security or Tax ID No _____

ACKNOWLEDGEMENT

STATE OF Pa
COUNTY OF Lawrence
On this 17 day of Sept. 20 05, before me, Raymond E. Mazzanti, a Notary Public, came Mont L. McBride and Margaret E. McBride to me known (or to me satisfactorily proven) to be the individual(s) described in, and who executed the foregoing instrument, and acknowledged that he/she/they executed the same for the purposes there in contained.
In witness thereof, I hereunto set my hand and official seal.

Signature of Notary Public
My commission expires on:



CORPORATE ACKNOWLEDGEMENT

STATE OF _____
COUNTY OF _____
On this _____ day of _____, 20____, before me, _____, a Notary Public, came _____ and as such _____ acknowledge 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: