

Tract Area/Acreage: West Fork River -- 30.255 acres (2.859 Miles Middle West Fork Creek)
Well/Tract Name: _____
District/County: Freemans Creek and Hackers Creek Districts, Lewis County
Lease Number: OG-20-III/21- 1270

THE STATE OF WEST VIRGINIA OIL AND GAS LEASE
NO SURFACE USE
(4 YEAR PAID UP LEASE)

This Oil and Gas Lease Agreement dated and effective the 20th day of July, 2020, by and between the **STATE OF WEST VIRGINIA, DEPARTMENT OF COMMERCE, DIVISION OF NATURAL RESOURCES**, 324 Fourth Avenue, South Charleston, West Virginia, 25303, **Lessor**, and **HG ENERGY II APPALACHIA, LLC**, a Delaware limited liability company, 5260 Dupont Road, Parkersburg, West Virginia 26101, **Lessee**.

UNDER AND PURSUANT TO THE PROVISIONS OF THE CONSTITUTION AND LAWS OF THE STATE OF WEST VIRGINIA RELATING TO LEASING PUBLIC LANDS BELONGING TO THE STATE OF WEST VIRGINIA, **WITNESSETH:**

1. **Grant of Lease.** That for and in consideration of **Six Thousand Fifty-One Dollars (\$6,051.00)** [being the bonus of Two Hundred Dollars (\$200.00) per acre (30.255 acres)] paid by Lessee to Lessor, the receipt of which is hereby acknowledged, the royalties to be paid, and the covenants, obligations, stipulations and conditions to be observed and performed as herein set forth, Lessor does hereby demise, lease and let unto Lessee the following described waterway segment, or tract or parcel of land for the sole purpose and with the exclusive right of exploring, drilling, completing, operating for, and producing oil, gas and other liquid or gaseous hydrocarbons, including, but not limited to, any and all natural gas liquids such as butane, ethane, isobutane, natural gasolines, pentanes, propane, and similar liquids or byproducts produced in association with the oil and/or gas (the "Granted Minerals") in or underlying the following "Leased Premises" situate on the West Fork River (Middle West Fork Creek) in Freemans Creek and Hackers Creek Districts, Lewis County, West Virginia, and being more particularly described as follows:

The granted minerals in or underlying that portion of the West Fork River (Middle West Fork Creek) from the ordinary low water mark on each side of the said river, commencing at Latitude 39°05'03.5", Longitude 80°28'09.9", and running 2.859 miles to Latitude 39°06'07.7", Longitude 80°27'15.4", as more fully shown on the Map attached hereto, and containing **30.255 acres**, more or less.

HG ENERGY II APPALACHIA, LLC
5260 DUPONT RD
PARKERSBURG WV 26101-7719

Lewis County
Cynthia S. Ream, Clerk
Instrument 122665
09/03/2020 @ 11:56:23 AM
LEASE
Book 782 @ Page 495
Pages Recorded 17
Recording Date 8

2. **Term.** (a) This Lease shall remain in force for a term of **Four (4) years** from the date hereof ("Primary Term"), and as long thereafter as the Granted Minerals are produced from the Leased Premises or on acreage pooled therewith, or drilling operations are continued as hereinafter provided.

(b) If, at the expiration of the Primary Term of this Lease, the Granted Minerals are not being produced on the Leased Premises or on acreage pooled therewith, but Lessee is then engaged in drilling or re-working operations thereon, then this Lease shall continue in force for so long as operations are being continuously prosecuted on the Leased Premises or on acreage pooled therewith ("Operations"). Operations shall be considered to be continuously prosecuted if not more than One Hundred Twenty (120) consecutive days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well.

(c) If, after discovery of Granted Minerals on the Leased Premises or on acreage pooled therewith, the production thereof should cease for any reason after the Primary Term, this Lease shall not terminate if Lessee commences additional drilling or re-working operations within One Hundred Twenty (120) days from the date of cessation of production or from the date of completion of a dry hole.

(d) If Granted Minerals shall be discovered and produced as a result of such operations set out above on or after the expiration of the Primary Term of this Lease, then this Lease shall continue in force and effect for so long as the Granted Minerals are produced from the Leased Premises or on acreage pooled therewith.

3. **Pugh Clause-Horizontal and Vertical.** (a) As to the acreage of the Leased Premises which is not in production in paying quantities and is not included within a properly constituted and publicly recorded production unit at the expiration of the Primary Term, as extended hereunder, this Lease shall automatically terminate, and be of no further force or effect.

(b) Further, and to the extent Lessee has established production in paying quantities beyond the expiration of the Primary Term on the Leased Premises or lands pooled or unitized therewith, the Lease shall terminate, on a production unit-by-production unit basis, as to all depths, formations, horizons and zones lying at least One Hundred (100') feet below the deepest producing formation or horizon on the Leased Premises or any lands pooled therewith, as determined by reference to the deepest producing formation or horizon in each respective production unit.

(c) Thereafter, this Lease shall continue in full force and effect for all depths, formations, horizons and zones lying above the depth of One Hundred (100') feet below the deepest producing formation or horizon of a particular production unit as to all the acreage located within that particular production unit.

4. **Royalties.** (a) Lessee shall pay and deliver or cause to be delivered to the Lessor, or its successors, nominees, agents, or assigns, at no cost to Lessor, a royalty equal to **Twenty Percent (20%) or One-Fifth of Eight Eighths (1/5th of 8/8ths)** of the Gross Proceeds realized by Lessee, or any Affiliate of Lessee, from the sale of the Granted Minerals, produced and sold from the Leased Premises.

(b) Lessee shall pay Lessor all royalties that become due under this Lease within One Hundred Twenty (120) days after the first day of the month following the month during which a well commences production into a pipeline for sale of such production. Thereafter, all royalties shall be paid to Lessor on a monthly basis, or other basis if so agreed to by Lessor and Lessee.

(c) If the royalty payments are not paid within the time prescribed in this Lease, then Lessor shall provide Lessee written notice of nonpayment of royalty. If Lessee fails to pay Lessor the royalty due and owing to Lessor within Thirty (30) days from Lessee's receipt of such notice, then this Lease shall automatically terminate. Inaccurate royalty payments shall not be governed by the provisions of this paragraph, but shall be resolved in good faith between Lessor and Lessee in a timely manner.

(d) Neither Lessee, nor any Affiliate of Lessee, may reduce Lessor's royalty for any post-production expense, including, but not limited to, pipelines, surface facilities, telemetry, gathering, dehydration, transportation, fractionation, compression, manufacturing, processing, treating, or marketing of the Granted Minerals, or any severance or other taxes of any nature paid on the production thereof. Royalties under this Lease shall be based on the total proceeds of sale of the Granted Minerals, exclusive of any and all production and/or post-production costs.

5. Shut-In Royalty. (a) If a well has been completed that is capable of production in paying quantities and has been temporarily shut-in for lack of a market, then Lessee shall pay Lessor annually, on or before Ninety (90) days of such shut-in event, the sum of One Hundred (\$100.00) Dollars per acre for the first year, and Two Hundred Fifty (\$250.00) Dollars per acre for the year thereafter on the ensuing anniversary.

(b) In no event may Lessee maintain this Lease by payment of shut-in royalties beyond a continuous two-year period. This Lease shall automatically terminate on the first day following the second anniversary date of the initial shut-in royalty payment.

(c) Additionally, in no event may Lessee maintain this Lease by payment of shut-in royalties beyond a cumulative three-year period during which all production of the Granted Minerals was shut-in. This Lease shall automatically terminate on the first day following the date that all production of the Granted Minerals has been shut-in for a cumulative period of Three (3) years.

6. Method of Payment. All rents, royalties, bonuses, or other payments accruing and/or owing from Lessee to Lessor under this Lease shall be made or tendered by company check payable to Lessor and delivered by mail in accordance with this Lease.

7. Unitization. (a) Lessee may pool, consolidate, or unitize portions of the Leased Premises, as to hydrocarbon bearing geologic formations, to constitute a unit for the purpose of exploring for and producing the Granted Minerals.

(b) The unit:

(1) Shall be comprised of lands contiguous to the Leased Premises and/or lands in the immediate vicinity of the Leased Premises; and

(2) May exceed Six Hundred Forty (640) acres if the larger area shall provide for the greater development of the Granted Minerals: Provided, That the unit shall not exceed One Thousand Two Hundred and Eighty (1,280) acres.

(c) Upon the drilling and completion of a well within a production unit containing at least a portion of the Leased Premises, Lessee shall file a declaration of pooling and unitization within a reasonable time in the records of the Office of the Clerk of the County Commission of the county in which the production unit and the Granted Minerals are situated.

8. Limitations on the Grant of Lease.

(a) **Surface Activities Prohibited.** This Lease does not include, and specifically prohibits and excludes, the right to enter upon the surface of the lands set out herein, if any, to conduct exploration for drilling, and production and marketing activities of any kind associated with the Granted Minerals, and any other activities by Lessee, its representatives, employees, contractors, agents, and affiliates, including, but not limited to, the construction of pits, impoundments, and/or pipelines or gathering lines on the Leased Premises. All development and production activities and facilities shall be constructed on adjoining and/or other lands, and not on the Leased Premises or islands within the Ohio River and other state waterways, except to the extent that horizontal well laterals are located underneath the bed, banks and shores of the same. Such development and production activities and facilities shall be above and outside the high-water mark of the Ohio River and other state waterways.

(b) **Reserved Rights of Lessor.** Lessor hereby reserves all rights not granted in this Lease, and specifically excepts all minerals, other than the Granted Minerals, including, but not limited to, geothermal energy, salt, brine, coal and coalbed methane.

(c) **Navigational Servitude.** Lessee shall not perform any work, construction, production or other related activities on the bed, banks or shores of the Ohio River and/or any other waterway of the state below the high-water mark thereof. Lessee shall not in any way hinder or impair the navigational servitude of the United States of America or the public rights of navigation or floatage on the Ohio River and/or any other navigable or floatable waterway of the state.

(d) **No Storage.** Lessee may not use the Leased Premises, or any part thereof, for storage purposes.

9. Notice of Intent to Drill and Complete. (a) Lessee shall give Lessor prior written notice of Lessee's intention to drill at least Fourteen (14) calendar days prior to the spudding of a well associated with producing the Granted Minerals.

(b) Upon written request, Lessee shall give Lessor a copy of Lessee's completion report of such well or wells within Thirty (30) days of completion: Provided, That Lessor may make a written request for such completion reports at any time after such Thirty (30) days.

10. Diligence, Duty to Drill Offset Wells. (a) Lessee shall conduct its drilling operations hereunder utilizing best industry practices in existence at the time of such drilling, and shall otherwise conduct its operations in a good and workmanlike manner as a reasonably prudent operator would under the same or similar circumstances until all drilling and producing operations are completed, or until such time as the final well is plugged and abandoned.

(b) Additionally, if Granted Minerals are discovered in, on or underlying the Leased Premises, Lessee shall further develop and produce the Leased Premises as a reasonable and prudent operator would and exercise all due diligence in drilling additional well(s) as may be necessary to fully develop the Leased Premises. Lessee shall protect the Granted Minerals in and under the Leased Premises from drainage by wells on adjoining or nearby tracts or leases, including those held by Lessee or any Affiliate of Lessee.

(c) Neither the rents, royalties, nor any other consideration set forth under this Lease shall relieve Lessee of its obligation to reasonably develop and produce the Leased Premises and to reasonably protect the Granted Minerals in and under the Leased Premises from drainage or other damage.

11. Limitations on Drilling.

(a) Lessor and Lessee agree that the limitation on well pad construction and/or location is intended to reduce any long-term, substantial interference with the public's use of the Leased Premises as it exists on the date of the Lease.

(b) Non-Water Leased Premises. Lessee shall not construct any well pad within Five Hundred Fifty (550') feet of any outside boundary of the tracts comprising the Leased Premises herein, if applicable, measured linearly from any point along said tract boundary to the midpoint of the secondary containment berm of a particular well pad.

12. Water Use. (a) Unless Lessee obtains appropriate permits, Lessee shall not use the surface waters or the groundwaters located within the Leased Premises and shall not diminish or impair the riparian rights, consumptive or non-consumptive water rights or groundwater of the State of West Virginia within or adjoining the Leased Premises, or any private riparian landowner adjoining the Leased Premises within said State.

(b) Notwithstanding any other provision set forth in this Lease Agreement, this Lease Agreement does not prohibit Lessee, its representatives, employees, contractors, agents and affiliates from constructing and operating an intake to withdraw water pursuant to authorization from a riparian landowner and in compliance with any applicable regulatory requirements.

13. Waste Prohibited. (a) Lessee shall not commit, or cause to be committed, waste, damage, or pollution to the Granted Minerals in or underlying the Leased Premises.

(b) Non-water Leased Premises. Lessee shall take all reasonable steps to prevent its Operations from causing or contributing to soil erosion, or to the injury of terraces, grades, embankments, other soil or structures on the Leased Premises.

(c) Water and Non-Water Leased Premises. Lessee shall not pollute the surface or subterranean waters of the Leased Premises, or any reservoirs, springs, streams, irrigation ditches, stock ponds or other wells on the Leased Premises. Lessee shall not decrease the fertility of the soil, damage any crops, grasses, timber or pastures on the Leased Premises, and shall not harm or injure any animals, fish or livestock on or in the Leased Premises. Lessee shall not damage any buildings, roads, structures or other improvements on the Leased Premises.

14. Damage. (a) Lessee shall preserve the Leased Premises, and upon the termination of this Lease, promptly surrender and return the Leased Premises to the Lessor in the same condition, or substantially similar condition, as the Leased Premises were in prior to Lessee taking possession of the Leased Premises.

(b) If Lessor determines, in its reasonable discretion after conducting a proper investigation, that the drilling activities of Lessee related to the production of the Granted Minerals from the Leased Premises herein have created a long-term, substantial interference with the public's use of the Leased Premises herein, then Lessor shall have the right to seek from Lessee additional measures or controls to mitigate such long-term, substantial impairment caused by Lessee's drilling activities.

(c) Lessee shall compensate Lessor, its successors or assigns, for any damages caused by Lessee.

15. Suspension of Lease.

(a) If Lessee is prevented from complying with its obligations under this Lease, express or implied, except payment of money, due to scarcity of or inability to obtain or use equipment or material or by operations of Force Majeure, or any federal or state law, or any order, rule or regulation, then, while so prevented, Lessee's obligation to comply with this Lease shall be temporarily suspended, and Lessee shall not be liable in damages.

(b) This Lease shall be extended only so long as Lessee is prevented by any such cause from conducting operations on or in the Leased Premises: Provided, That in no event shall Lessee's performance be suspended as a result of Force Majeure, federal or state law, or any rule or regulation for a period in excess of two (2) consecutive years.

16. Default.

(a) Any of the following shall be deemed a default of this Lease:

(1) Failure of Lessee to timely make royalty payments or any other required payments to Lessor under this Lease.

(2) If a creditor of Lessee, its agents and/or assigns, takes action to execute, garnish or attach Lessee's assets that include the Leased Premises: Provided, that this provision does not impair Lessee's ability to mortgage its interests in the Granted Minerals or the Leased Premises.

(3) Failure of the Lessee to obtain any requisite "prior written consent" as set forth in this Lease.

(4) Failure of Lessee to maintain insurance and be bonded as set forth in this Lease.

(5) Shut-in of a well exceeding the time period set forth in this Lease.

(b) If Lessor considers that Lessee has failed to comply with its obligations under this Lease, whether expressed or implied, Lessor shall notify Lessee in writing stating the reasons Lessee has breached this Lease. Lessee shall have Thirty (30) days, after receipt of the notice, to cure the assertions by Lessor. If it is not practical to cure within the Thirty (30) days, then Lessee shall have Thirty (30) more days to commence curing, and shall diligently and continuously pursue to complete such cure.

(c) If Lessee fails or refuses to cure the assertions by Lessor, or fails to respond in a meaningful fashion to Lessor's notice within the timeframes set forth herein, or within a longer period of time if Lessee is in good faith continuously effectuating a cure, then this Lease shall automatically cease and terminate.

(d) Upon such termination, Lessee shall:

(1) Immediately and unconditionally surrender possession of the Leased Premises, or that portion of the Leased Premises included in the notice; and

(2) Plug and abandon any producing or non-producing well(s).

(e) Upon Lessee's failure to remedy any alleged breach of this Lease within the applicable cure period, Lessor shall be entitled to recover from Lessee any and all royalties, charges or claims of every kind and nature due, owing and/or arising out of this Lease, and to take immediate possession of the Leased Premises. If Lessor institutes proceedings to clear title or take possession of the Leased Premises, then Lessor shall be entitled to recover from Lessee its reasonable attorney fees, investigation costs, expert fees and any other reasonable costs or expenses related to such proceedings.

17. Information, Metering, Lessor's Rights to Audit.

(a) Upon request, Lessee shall furnish to Lessor copies of:

(1) Title opinions covering the Granted Minerals in or underlying the Leased Premises herein;

(2) Filings made by Lessee with the Department of Environmental Protection (DEP) related to the Leased Premises: Provided, That the DEP filings may be provided to Lessor electronically; and

(3) Division Orders or amounts of gross production.

(b) Lessee shall meter gas deriving from the Leased Premises at the wellhead in accordance with West Virginia law.

(c) Lessor shall, on an annual basis, upon reasonable prior written notice to Lessee, have the right to audit the books, accounts, contracts, records and data of Lessee pertaining to the development and sale of the Granted Minerals.

18. Annual Report, Quarterly Royalty Statement. (a) Lessee shall give Lessor an annual report on production volumes and sales prices.

(b) Lessee shall give Lessor a quarterly report, either on the check stub of a royalty payment or on an attachment to or enclosure with a royalty payment, that includes:

(1) The lease, property or well names, and the well identification numbers on which royalties are being paid;

(2) The month and year during which the sales occurred for which payment is being made;

(3) The total production from the well or wells expressed as the number of barrels of oil or the total amount of gas in million cubic feet (MCF) and the volume of any other Granted Minerals, condensate, or other constituents therein which were sold;

(4) The price per barrel of oil and per MCF of gas sold; and

(5) The name, address, and telephone number of a contact person where the Lessor may obtain information about royalty payments made by the Lessee hereunder.

19. Record Management. Lessee shall keep an accurate record of all drilling operations that include the Leased Premises, including, but not limited to the following:

(a) A log of each well drilled that included the Leased Premises, as duly sworn to by the contractor or driller;

(b) Original gas sales contracts and any amendments thereto;

(c) Gas balancing agreements and schedules; and

(d) Information concerning litigation, settlement agreements or other agreements relating to sales and pricing of the Granted Minerals.

20. Bonding. Within Thirty (30) days of the execution of this Lease, Lessee shall post a surety bond in favor of Lessor in the amount of Two Thousand Dollars (\$2,000.00) per acre: Provided, That the surety bond shall not exceed Two Hundred Thousand Dollars (\$200,000.00). The surety bond shall secure the payment of all sums due and performance of all obligations arising under this Lease.

21. Insurance. (a) A company licensed by the West Virginia Insurance Commission to do business in the state of West Virginia shall underwrite all policies required by this Lease.

(b) Lessee and/or any person or entity acting on Lessee's behalf under this Lease, shall maintain at all times during which this Lease remains in force and effect, workers compensation and employer's liability insurance, commercial general liability and umbrella liability insurance, business, auto and umbrella liability insurance, and environmental liability insurance in the amount of at least Two Million Five Hundred Thousand Dollars (\$2,500,000.00), combined single limit. The insurance policies, except workers compensation and employer's liability insurance, shall name Lessor as an additional insured with regard to the Leased Premises, and shall reflect that the insurer has waived any right of subrogation against Lessor.

(c) The policies, declaration pages and certificates of insurance shall be delivered to Lessor within Thirty (30) days of the execution of this Lease, and upon each renewal of said insurance policies.

22. Assignment and/or Transfer. Lessee may assign or otherwise transfer this Lease and the interests hereunder. Within Thirty (30) days of an assignment or transfer, Lessee shall give Lessor written notice of the assignment and/or transfer of its interest in the Lease, including the name and contact information of the assignee or transferee, and written documentation of the assignment or transfer.

23. Surrender of Lease. (a) If Lessee is not in default of any obligation due under this Lease, then Lessee may surrender the Leased Premises or any part thereof upon payment of all liabilities then accrued and due. Lessee must provide Lessor written notice Thirty (30) days prior to the effective date of the surrender.

(b) Lessee shall deliver to Lessor a recorded release of the surrendered area describing all depths, formations and horizons in and under the Leased Premises so released.

(c) Lessee may not release any portion of the Leased Premises that is included in a pool or unit on which operations are being conducted.

24. Well Plugging. Before abandoning a well associated with this Lease, Lessee shall securely plug and abandon such well in accordance with the rules and regulations of the West Virginia Department of Environmental Protection, and the laws of the State of West Virginia and any other governmental agency having jurisdiction.

25. No Warranty of Title.

(a) Lessor represents and warrants to Lessee that the West Virginia Division of Natural Resources is the proper agency or instrumentality of the State of West Virginia to enter into this Lease for the purpose of leasing the Granted Minerals and the Leased Premises to Lessee on the terms set forth herein, and that the Director of the West Virginia Division of Natural Resources is vested with the full legal authority and is duly authorized to execute this Lease on behalf of the Lessor and the State of West Virginia.

(b) Lessor makes no representation of title or ownership, either expressed or implied, and further makes no warranty as to the actual or potential presence of Granted Minerals. Lessee represents it has performed all necessary due diligence regarding the title or ownership of the Granted Minerals and agrees to be bound by the quantum of acreage set out herein.

(c) Lessee shall notify Lessor of any adverse claim to the Leased Premises affecting title to all or a portion of the rights to develop the Granted Minerals, and Lessor may, with the approval of the Attorney General, enter into an escrow arrangement for the future rents and royalties accruing to such disputed portion of the Leased Premises under terms and conditions that the Attorney General feels proper to safeguard the rights and interest of the State of West Virginia.

(d) If an adverse claimant files suit against the State of West Virginia or against Lessee claiming title to all or a portion of the Granted Minerals, or if Lessee, after receiving notice of an adverse claim, institutes litigation in a court of competent jurisdiction to adjudicate the validity of the claim, the rents and royalties accruing to the litigated portion shall be placed in an escrow account until such time as the ownership of the disputed interest is determined by a court of competent jurisdiction.

(e) If a court of competent jurisdiction determines that Lessor does not have title to all or part of the Granted Minerals in the Leased Premises, the rents, royalties and bonus thereafter accruing from any part as to which this Lease covers less than the full interest in such Granted Minerals, shall thereafter be paid only in the proportion which the interest therein, if any, covered by this Lease bears to the whole and undivided fee simple estate therein. Any sums of money paid pursuant to this Lease are not reimbursable to Lessee.

26. Indemnity.

(a) Unless caused by the negligence of Lessor, or any agent, servant, or employee of Lessor, Lessee shall defend, indemnify, protect and hold harmless Lessor and Lessor's heirs, successors, representatives, agents and/or assigns from and against any and all claims, demands, causes of action, liability, loss, damage or expense of any and every kind and nature, including without limitation costs, expenses, and attorneys' fees, for injury and death, or damage to persons or property, environmental damage to the surface, waterways, or subsurface estates of any person, firm, corporation or other entity arising out of, incidental to, or resulting from:

(1) The operations or activities of Lessee or Lessee's servants, agents, employees, guests, licensees, invitees or independent contractors on or in the Leased Premises;

(2) The exercise of any right granted under this Lease; and/or

(3) Any obligations imposed under this Lease.

(b) Any successor in interest of any rights of Lessee in this Lease shall likewise be obligated to defend and indemnify Lessor and Lessor's heirs, successors, representatives, agents and assigns in the same manner as the original Lessee.

27. Governing Law and Compliance. (a) This Lease shall be governed by the laws of the State of West Virginia and any dispute arising out of this Lease shall be resolved in a West Virginia court of law having jurisdiction thereof.

(b) This Lease shall be subject to the Constitution and laws of the State of West Virginia, and the rules and regulations of the West Virginia Division of Natural Resources and the West Virginia Department of Environmental Protection now or hereafter in force, all of which are made a part and condition of this Lease: Provided, that no law, rule or regulation enacted, passed or made after the execution of this Lease that affects the lease term, the royalty rate or payment, or the assignment of Lease, shall operate to alter the terms and conditions of this Lease.

(c) Lessee agrees to comply in all respects with the laws, rules and regulations of the State of West Virginia and the United States of America.

28. Definitions.

(a) "Affiliate of Lessee" means any person, corporation, firm, or other entity in which Lessee, or any parent company, subsidiary or affiliate of Lessee, owns an interest of Five Percent (5%) or more, whether by stock ownership or otherwise, over which Lessee, or any parent company or affiliate of Lessee, exercises any degree of control, directly or indirectly, by ownership, interlocking directorate, or in any other manner, and any corporation, firm or other entity which owns any interest in Lessee, whether by stock ownership or otherwise, or which exercises any degree of control directly or indirectly, over Lessee, by stock ownership, interlocking directorate, or any other manner.

(b) "Force Majeure" means the acts of god such as flood, fire, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, pandemic disease and related circumstances, or other cause(s) not within Lessee's control. Force majeure does not mean and shall specifically exclude scarcity, cost, or inability to obtain or use equipment, contracts, personnel, water, or other material(s), unless caused by the conditions described in this paragraph.

(c) "Gross Proceeds" means the total monies and other consideration accruing to Lessee for the disposition of the Granted Minerals and/or any other marketable by-products, including condensate, produced from the Leased Premises. Gross Proceeds shall be calculated based on the total gross volume of Granted Minerals produced and sold, exclusive of production and post-production costs and severance taxes or other taxes of any nature.

29. Notices and Payments. All notices and payments which are permitted or required under this Lease shall be in writing and shall be deemed valid and received if delivered personally, by mail, by registered or certified mail, return receipt requested, or by special carrier with signature required, to the Lessor and/or Lessee at the following addresses, unless otherwise agreed by the parties in writing:

(a) To Lessor:

West Virginia Division of Natural Resources
Office of Land and Streams
324 Fourth Avenue, Room 200
South Charleston, West Virginia 25303

(b) To Lessee:

HG ENERGY II APPALACHIA, LLC
5260 Dupont Road
Parkersburg, West Virginia 26101

30. Ratification. No instrument executed by Lessor shall be effective to constitute a ratification, renewal, extension or amendment of this Lease unless such instrument is clearly titled to indicate its purpose and intent.

31. Successors in Interest. The Terms, conditions, covenants, obligations, considerations, or requirements of this Lease shall extend to and be binding upon the parties hereto, their heirs, successors, executors, administrators, and assigns, all of whom shall be jointly and severally liable.

32. **Severability.** Should any one or more of the provisions in this Lease become or be determined to be void or invalid, in whole or in part, the remainder of this Lease shall remain in full force and effect.

WITNESS the following signatures and seals:

HG ENERGY II APPALACHIA LLC

BY: J. Hall
Its: President

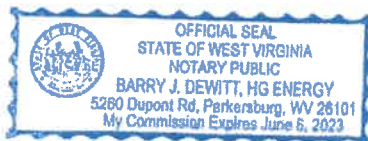
STATE OF WEST VIRGINIA
COUNTY OF WOOD, To-Wit:

I, Barry J. DeWitt, a Notary Public in and for said County and State, do hereby certify that Jane Hall, its President, who signed the writing hereto annexed, for **HG ENERGY II APPALACHIA LLC**, bearing date the 20th day of July, 2020 has this day acknowledged the same before me in my said county to be the act and deed of said Company.

Given under my hand this 20th day of July, 2020.

My commission expires June 6 2023.

[Seal]



Barry J. DeWitt
Notary Public

STATE OF WEST VIRGINIA
DEPARTMENT OF COMMERCE
DIVISION OF NATURAL RESOURCES

BY: _____



Director

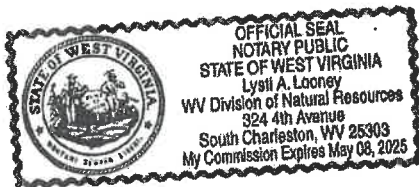
STATE OF WEST VIRGINIA
COUNTY OF KANAWHA, To-Wit:

I, Lysti A. Looney, a Notary Public in and for said County and State, do hereby certify that **Stephen S. McDaniel, Director**, who signed the writing hereto annexed, for the State of West Virginia, Department of Commerce, Division of Natural Resources, bearing date the 20 day of July, 2020, has this day acknowledged the same before me in my said county to be the act and deed of said Division.

Given under my hand this 20 day of July, 2020.

My commission expires May 8, 2025.

[Seal]



Lysti A. Looney
Notary Public

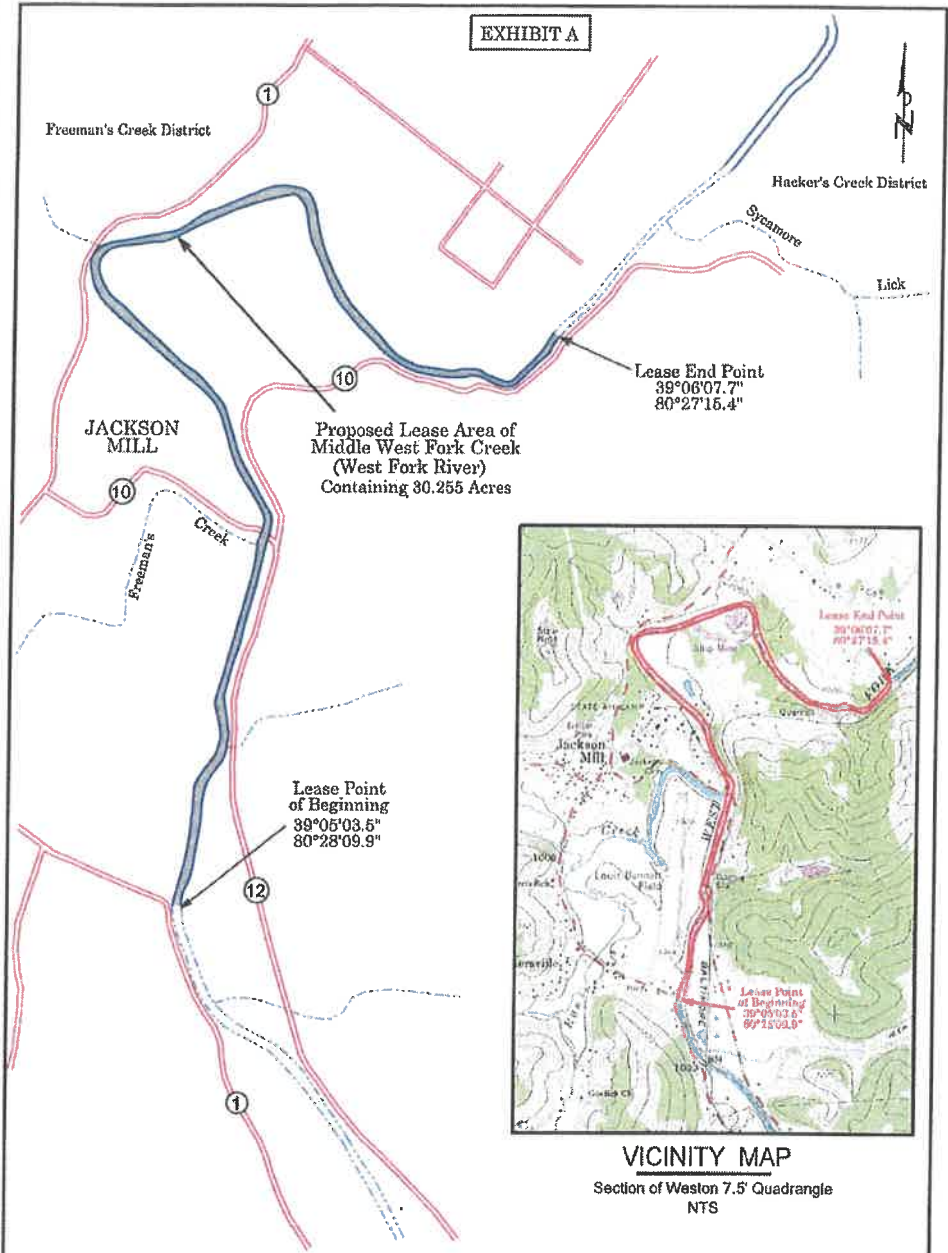
Prepared by: Office of Land & Streams
Division of Natural Resources
324 Fourth Avenue, Room 200
South Charleston, WV 25303

Approved as to form this 5th day of August, 2020

Patrick Morrissey, Attorney General

BY: Patrick Morrissey

EXHIBIT A



VICINITY MAP

Section of Weston 7.5' Quadrangle
NTS

Map Showing:
**Proposed Lease of the
 Middle West Fork Creek**
 2.869 Miles in Length and
 Containing 30.255 Ac.

Lessor - WV Division of Natural Resources,
 Office of Land and Streams
 Lewis County, W.Va.

2/14/2020



**HG ENERGY, II
 APPALACHIA, LLC**

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