

Gail Fry

Sample Additional Addendums:

Prepared by: Jay Wilkinson 09/21/2010

**NO SURFACE OPERATIONS.** Lessee shall not enter upon the leased premises, erect, set up or place any structure or building on the leased premises, or conduct any operations upon the leased premises without the express written consent of Lessor. Lessee shall not interfere with any right-of-way, water well, watercourse, pond or other impoundment used by Lessor.

Lessee shall only develop the leased premises by pooling, as provided herein, or by directional or horizontal drilling commenced from a surface location on other lands or designated drilling areas within this leasehold in such a manner that the path of the wellbore is under and through the no surface operations areas and the bottom-hole or terminus is on the leased premises or lands pooled therewith.

#### **INSURANCE**

Lessee shall assure that the Lessee and any person acting on Lessee's behalf under this Lease carry the following insurance with one or more insurance carriers at any and all times such party or person is on or about the Leased Premises or acting pursuant to this Lease, in such amounts as from time to time reasonably required by Lessor:

- (i) Workers Compensation and Employer's Liability Insurance;
- (ii) Commercial General Liability and Umbrella Liability Insurance; (\$5,000,000.00 Minimum Coverage)
- (iii) Business auto and Umbrella Liability Insurance; (\$5,000,000.00 Minimum Coverage)

The Lessor shall cause Certificates of Insurance evidencing the above coverage to be provided promptly upon request to Lessor.

#### **PUGH**

In the event a pooled unit is created which encompasses land located outside the Leased Premises and some, but not all, of the Leased Premises: any

drilling or reworking operations on or production from a well located on that pooled unit shall continue this Lease in full force and effect but only as to that part of the Leased Premises contained within the pooled unit. However, no portion of the Leased Premises shall be released until cessation of continuous development as provided for herein. Neither pooling nor unitization of any part of the lands subject to this Lease shall be effective until the pooling or unit designation is filed for record in the county or counties where the Leased Premises are located.

#### **CONTINUOUS DEVELOPMENT**

At the end of the primary term or at the completion date of any well drilled on the Leased Premises or on lands pooled therewith, whichever is the latter, this Lease shall not terminate provided Lessee Commences operations for the drilling of an additional well within 180 days from said date. Thereafter, this Lease shall not terminate provided Lessee enters a continuous drilling program where each additional well is Commenced within 180 days from the completion of the last well. If Lessee Commences operations for drilling a well prior to the time that it is otherwise required to do so in order to perpetuate this Lease in its entirety, Lessee shall be entitled to accumulate and later use any time saved in early commencement of operations, so that all or any part of the accumulated time may be used to extend the 180 day interval between the completion of one well or wells and the Commencement of operations on another well or wells. Upon completion of this continuous development program, Lessee agrees to release all lands outside any producing unit or pooled unit. It is agreed by Lessor and Lessee that no single producing unit or pooled unit may encompass more than six-hundred and forty (640) acres.

#### **ASSIGNMENT**

Lessee shall notify Lessor in writing if Lessee assigns all or a portion of this Lease, or an undivided interest therein, to a third party. Provided, however, that notice to the Lessor shall not be required in the event of an assignment by Lessee:

- a. to an affiliate, subsidiary, or internal partners;
- b. in consequence of a merger or amalgamation; or
- c. of all or substantially all of its assets to a third party.

All provisions contained in this Lease shall be binding upon, inure to the benefit of and be enforceable by the respective agents, representatives, heirs,

successors and assigns of the Lessee and the Lessor to the same extent as if each agent, representative, heir, successor or assign were named as a party hereto. Any assignment of the Lease by Lessee shall provide that it is made subject to the terms and provisions of this Lease and the assignee in each assignment accepts the assignment subject to all the terms and provisions of the Lease.

**TITLE:** It is understood that Lessor warrants title to said property only in respects that the title is good to the best of Lessor's knowledge and Lessee agrees that no claims will be made against Lessor pertaining to warranty of title.

**AUDIT:** Lessee further grants to the Lessor the right annually to examine, audit, or inspect books, records, and accounts of Lessee pertinent to the purpose of verifying the accuracy of the reports and statements furnished to Lessor, and for checking the amount of payments lawfully due the Lessor under the terms of this agreement. In exercising this right, Lessor shall give reasonable notice to lessee of its intended audit and such audit shall be conducted during normal business hours at the office of Lessee.