

IN THE COURT OF COMMON PLEAS
JEFFERSON COUNTY, OHIO

FILED
COMMON PLEAS COURT
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STATE OF OHIO, ex rel. :
MICHAEL DeWINE, :
OHIO ATTORNEY GENERAL :

CASE NO. 05-CV-00203

JUDGE JOSEPH J. BRUZZESE

JOHN A. DORRIGAN
CLERK OF COURTS
JEFFERSON COUNTY, OH

Plaintiff, :

v. :

CITY OF STEUBENVILLE, et al. :

Defendants. :

AMENDED AGREED ORDER FOR JUDGMENT

WHEREAS, Plaintiff State of Ohio ("Plaintiff"), on relation of Michael DeWine, Ohio Attorney General, at the written request of the Director of the Ohio Environmental Protection Agency ("Ohio EPA"), filed a Complaint commencing this action against Defendants to enforce the provisions of Ohio's solid waste laws set forth in Ohio Revised Code 3734 and the rules adopted pursuant to that chapter, and to pursue other legal and equitable relief;

WHEREAS, the parties entered into an Agreed Order for Judgment in this case on September 5, 2006, and seek to jointly amend said order;

WHEREAS, Plaintiff and Defendants consent to entry of this Amended Order without a trial of any issue of fact or law, and upon consent of the Parties hereto, it is hereby ORDERED, ADJUDGED AND DECREED as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over the parties and the subject matter of this action pursuant to Chapter 3734 of the Ohio Revised Code (“R.C.”) and the Court’s inherent authority over its own Orders. Venue is proper in this Court. The Complaint states a claim upon which relief can be granted against Defendants.

II. PARTIES BOUND

2. The provisions of this Order shall apply to and be binding upon Plaintiff, Defendants, their successors in interest and assigns, and others to the extent provided by Civil Rule 65(D).

3. Nothing herein shall be construed to relieve any Defendant of its obligation to comply with all applicable federal, state, or local statutes, regulations, or ordinances including but not limited to applicable permit requirements.

III. SATISFACTION OF LAWSUIT AND EFFECT OF ORDER

4. The State has alleged that Defendants violated R.C. Chapter 3734, and Ohio Adm. Code Chapter 3745-27.

Defendant City of Steubenville admits liability with respect to each of the Counts in the State’s Complaint.

5. Nothing in this Order shall be construed to limit the authority of the State to seek relief from Defendants for claims or violations not referenced in this Order, any violations arising out of acts or omissions first occurring after the entry date of this Order, or claims or violations under the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. § 9601 et seq. or R.C. 3734.20 through 3734.27, for any emergency, removal, remedial, or corrective actions. Notwithstanding any provision in this Order to the

contrary, Defendants retain all rights, defenses, and/or claims they may legally raise to the extent that the State seeks further relief from the Defendants in the future.

IV. INJUNCTIVE RELIEF

6. It is the understanding of Ohio EPA that Defendant City of Steubenville has leased its oil and gas rights to Hess Ohio Developments, LLC and has received a down payment of \$500,000. A copy of the Lease/Ordinance is attached hereto as "Exhibit B." Further, it is the understanding of Ohio EPA that Defendant City of Steubenville has the ability to receive future royalties from all future leases of its oil and gas rights. Defendant shall not be held in contempt of this Order for failure to comply with the work and/or schedule required in Exhibit A due to failure of lack of money contained in the fund in Exhibit B. Defendant agrees that all revenues from Hess are dedicated to the Trust Fund until closure of the Landfill is certified as complete by Ohio EPA.

- a. Within thirty (30) days after the effective date of this Amendment to the Agreed Order, Defendant shall establish a trust fund solely for the closure and post-closure care of the Landfill.
- b. Within forty-five (45) days after the effective date of this Amendment to the Agreed Order, Defendant shall fund said trust with a minimum of five hundred thousand dollars (\$500,000).
- c. Within forty-six (46) days after the effective date of this Amendment to the Agreed Order, and continuing until the Landfill has completed closure and post-closure care and said closure and post-closure are certified as complete by Ohio EPA, all monies paid to Defendant pursuant to Exhibit B and any

other easements of its oil and gas rights shall be deposited into said trust and used in accordance with said trust.

d. Defendant shall provide Ohio EPA with full access to said trust and provide a quarterly accounting of all deposits and withdrawals from said trust.

7. Defendant City of Steubenville shall comply with and implement the agreed work schedule attached hereto as Exhibit A.

V. NOTICES

8. All documents required to be submitted under this Consent Order shall be submitted to the following, or their successors:

As to Plaintiff State of Ohio:

Ohio Environmental Protection Agency
Southeast District Office
Solid Waste Supervisor
2195 Front Street
Logan, Ohio 43138

As to Defendant City of Steubenville:

City of Steubenville
Office of the City Manager
115 S. Third Street
Steubenville, Ohio 43952

VI. COSTS

9. Defendant City of Steubenville is hereby ordered to pay the costs of this action. Each party shall be responsible for their own attorney fees and consultants' fees associated with this action.

VIII. SIGNATORIES

11. Each of the undersigned representatives for the Parties represents that he/she is fully authorized to enter into the terms and conditions of this Consent Order and legally bind the respective Party to this document.

IX. ENTRY OF CONSENT ORDER AND FINAL JUDGMENT BY CLERK

12. Upon the signing of this Order by the Court, the clerk is hereby directed to enter it upon the journal. Within three (3) days of entering the judgment upon the journal, the clerk is hereby directed to serve upon all Parties notice of judgment and its date of entry upon the journal in the manner prescribed by Rule 5(B) of the Ohio Rules of Civil Procedure and note the service in the appearance docket.

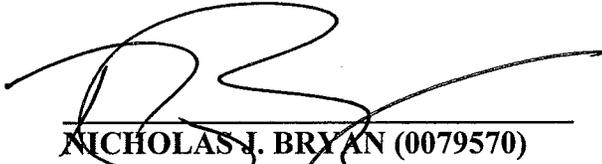
IT IS SO ORDERED.



JUDGE JOSEPH J. BRUZZESE
Jefferson County Court of Common Pleas

APPROVED:

**MICHAEL DEWINE
OHIO ATTORNEY GENERAL**



NICHOLAS J. BRYAN (0079570)
Associate Assistant Attorney General
Environmental Enforcement Section
30 E. Broad St., 25th Floor
Columbus, OH 43215
614-466-2766

Attorney for State of Ohio



Director of Law
City of Steubenville
115 South Third Street
Steubenville, OH 43952
740-282-7929

Attorney for City of Steubenville

CITY OF STEUBENVILLE

By: 
Mayor, City of Steubenville

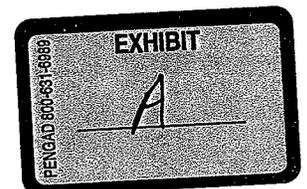
By: 
City Manager

1. Landfill Capping.

- a. Respondent shall prepare design plans and technical specifications for capping of the Facility. Plan sheets shall be prepared in accordance with applicable paragraphs of OAC 3745-27-11(B)(1) to (B)(10).
- b. Existing site vegetation shall be stripped/removed from all areas within limits of debris placement.
- c. The cap system shall consist of a minimum 6-inch thick soil subbase, a flexible membrane, a drainage layer and a minimum 18-inch thick cap soil protection layer.

i. The subbase shall be placed on top of waste to provide a barrier and support for the overlying flexible membrane liner. The subbase shall be designed and constructed in accordance with the following [OAC 3745-27-08(D)(22)]:

- The thickness of the subbase shall be sufficient to achieve an evenly graded surface and shall be a minimum of six inches thick.
- Be free of debris, foreign material, and deleterious material.
- Not be comprised of solid waste.
- Not have any abrupt changes in grade that may result in damage to the geosynthetics. The top of subgrade shall provide a minimum of 2% slope in all areas and shall be verified by survey.
- Not have any sharp edged protrusions or any particles protruding more than one quarter of one inch.
- Have pre-construction testing of the borrow soils performed on representative samples to determine the maximum dry density and optimum moisture content according to ASTM D698-00a (standard proctor), or ASTM D1557-00 (modified proctor) at a frequency of no less than once for every ten thousand cubic yards.
- Be constructed in lifts to achieve uniform compaction. Each lift shall include the following:
 - Be constructed in loose lifts of twelve inches or less.
 - Be constructed of a soil with a maximum clod size that does not exceed the lift thickness.
 - Be compacted to at least ninety five percent of the maximum dry density as determined by ASTM D698-00a (standard proctor) or at least ninety percent of the maximum dry density as determined by ASTM D1557-00 (modified proctor).
 - Have quality control testing of the constructed lifts performed to determine the density and moisture content according to ASTM D2922-01 and ASTM D3017-01 (nuclear methods), ASTM D1556-00 (sand cone), ASTM D2167-94 (rubber balloon) or other methods acceptable to the director or his authorized



representative at a frequency of no less than five tests per acre per lift. The locations of the individual tests shall be adequately spaced to represent the constructed area. Any penetrations shall be repaired using bentonite.

- The top surface shall be flat rolled prior to installation of the overlying flexible membrane liner.
- ii. The flexible membrane liner shall be constructed on top of the subbase and comply with the following [OAC 3745-27-08(D)(24)]:
- Be, at a minimum, a forty mil high density polyethylene (HDPE).
 - Be physically and chemically resistant to attack by the solid waste, leachate, or other materials that may come in contact with it using U.S.EPA method 9090 or other documented data.
 - Have pre-construction interface testing performed according to OAC 3745-27-08(G).
 - Be placed above and in direct and uniform contact with the subbase.
 - Be seamed to allow no more than negligible amounts of leakage; the seaming material shall be physically and chemically resistant to chemical attack by the solid waste, leachate, or other materials that may come in contact with the seams.
 - Have quality control testing in accordance with the following, unless the manufacturer's specifications for testing are more stringent, in which case the manufacturer's specifications shall be used:
 - For the purpose of testing every seaming apparatus in use each day, peel tests according to an appropriate method shall be performed on scrap pieces of flexible membrane liner when an apparatus is started, operators change, an apparatus is restarted, or at the beginning of each seaming period.
 - Nondestructive testing shall be performed on one hundred percent of the flexible membrane liner seams.
 - Destructive testing for peel according to the appropriate ASTM method shall be performed on randomly selected samples at a frequency of no less than once per five hundred feet of seam completed by a particular seaming apparatus. An alternate means may be used if it is demonstrated to the satisfaction of the director or his authorized representative that the alternate means meets the requirements of this paragraph.
- iii. The drainage layer shall comply with the following [OAC 3745-27-08(D)(25)]:
- Be comprised of granular materials that meet the following requirements [per OAC 3745-27-08(D)(25)(a)]:
 - Have a minimum thickness of one foot.
 - Not clog or freeze.

- Not damage the underlying flexible membrane liner.
 - Have no more than five percent of the particles, by weight, passing through the 200-mesh sieve.
 - Have no greater than ten percent carbonate content by weight.
 - Have a minimum permeability of one times ten to the negative three centimeters per second (1×10^{-3} cm/sec).
 - Granular materials shall have quality control testing in accordance with the following at a frequency of no less than once for every three thousand cubic yards of material:
 - Permeability using ASTM D2434-68 (constant head).
 - Grain size distribution using ASTM D422-63 (sieve).
 - Carbonate content using ASTM D3042-97 at a pH of 4.0.
 - An alternative material and/or thickness may be used provided it is demonstrated to the satisfaction of the director or his authorized representative that the material meets the requirements of this paragraph. The appropriate quality control testing and frequency of testing needs to be approved by Ohio EPA prior to use.
- A geosynthetic drainage net used in lieu of a granular drainage layer shall meet the following requirements [per OAC 3745-27-08(D)(25)(b)]:
 - Have a minimum transmissivity to ensure that the cap system meets the slope stability requirements of OAC 3745-27-08. The transmissivity shall be adjusted for elastic deformation, creep deformation, biological clogging, and chemical clogging by using the appropriate reduction factors.
 - The composite liner system must be protected from the intrusion of objects during construction.
 - Have quality control testing for transmissivity using ASTM D4716-01 at the maximum projected load and a frequency of once per fifty thousand square feet.
 - Any geosynthetic materials shall have pre-construction interface testing performed according to OAC 3745-27-08(G).
- iv. The cap soil protection layer shall comply with the following [OAC 3745-27-08(D)(26)]:
- The thickness of the layer shall be sufficient to achieve a minimum final slope of 2% across all areas of the cap, but in no case shall the thickness be less than eighteen inches.
 - Be free of debris, foreign material, and deleterious material.
 - Not be comprised of solid waste.
 - Not have any abrupt changes in grade that may result in damage to the geosynthetics.

- Have sufficient fertility in the upper portion to support vegetation.
 - Have a maximum projected erosion rate of five tons per acre per year.
 - Be constructed as follows:
 - With best management practices for erosion control.
 - In a manner that healthy grasses or other vegetation shall form a complete and dense vegetative cover within one year of placement.
- d. Respondent shall install appropriate erosion and sediment controls, in full accordance with ORC Chapter 6111, prior to removal of vegetation and topsoil from the cap area. All design and construction of sediment and erosion controls shall be completed per guidance provided in the latest edition of "Rainwater and Land Development", ODNR.
- e. The Respondent shall seed the site with grasses or other vegetative cover as many times as is required to form a dense cover.
- f. The Respondent install slope protection where cap slopes or slopes beyond the cap are 20% or greater. Rock lined ditches shall be provided outside capped areas where drainage flow rates may cause excessive erosion.
- g. Respondent shall complete a construction certification report in accordance with OAC 3745-27-08 (H).
- h. The Respondent shall submit to the Ohio EPA a closure certification report in accordance with OAC Rule 3745-27-11(J). This report shall certify that the closure activities specified herein have been completed and shall include all appropriate documentation to support such certification.

2. Post Closure Facility Care

Upon submission of the report required by item No. 1.h., above, the Respondent shall conduct post-closure care of the Facility for a period of not less than thirty (30) years in accordance with OAC Rule 3745-27-14. However, the post-closure care starting point for groundwater monitoring and explosive gas monitoring shall be 2004 when approved plans were implemented. The site currently has an approved plan for groundwater monitoring and an approved plan for explosive gas monitoring.

3. Existing Major Leachate Outbreak Management

The Respondent shall take all appropriate measures, in accordance with OAC Rule 3745-27-14(A)(1) to contain and properly manage any leachate outbreak at the Facility as follows:

Respondent shall construct landfill outbreak collection and treatment systems for two major leachate outbreaks using constructed wetland systems. These are

currently sampled under the groundwater monitoring program as sample points S2 and S3. Design plans and specifications shall be submitted with landfill capping plans. Required surface water permit applications (NPDES) will be submitted along with design plans and specifications.

4. Explosive Gas Plan

As part of the closure construction project, Respondent shall fully implement the explosive gas plan for the Facility as that plan was approved by the Ohio EPA on January 18, 1995. Monitoring portions of this plan have already been implemented. Construction of gas vents will complete the implementation. Design plans and specifications shall be submitted with landfill capping plans and specifications.

5. Schedule

Respondent shall complete the work described above according to the following schedule, beginning with the effective date of these Orders.

- Submit Design Plans and Technical Specifications and all other documentation (applications) to the Ohio EPA Division of Solid and Infectious Waste Management, Southeast District Office for order items 1, 3, and 4. Note: the DSIWM SEDO shall serve as the clearinghouse for all submittals (such as surface water discharge permit applications) to ensure that all affected programs are managed by at a centralized location.

Not later than 90 days after effective date of these Orders

- Revisions to address Ohio EPA Comments

Not later than 60 days after receipt and reconciliation of each round of comments from Ohio EPA concerning design plans and specifications or other document submittals.

- Prepare final bid documents for site work

Not later than 90 days after Ohio EPA approval of design plans and specifications for items 1, 3 and 4 listed herein.

- Advertise bids and award contract

Contract shall be awarded not later than 45 days after preparation of final bid documents

- Begin site work

Not later than 30 days after award of contract

- Substantial completion of site work

Not later than 500 days after site work has begun.

- Submit construction certification [OAC 3745-27-08 (H)] report to Ohio EPA

Not later than 60 days after completion of site work.

- Submit final closure certification report to Ohio EPA and to the Jefferson County Board of Health [OAC 3745-27-11(J)].

Not later than 90 days after submittal of construction certification report.

- Begin post-closure care [OAC 3745-27-14].

Immediately after submission of final closure certification report.

Note: existing groundwater and explosive gas monitoring programs shall remain in effect throughout the final closure process.

- Satisfy financial assurance for post closure care of the site [OAC 3745-27-16]

Within 60 days of approval of the final closure/post closure care plan.

PAUL R. MCKEEGAN
JEFFERSON CO. RECORDER

26⁰⁰
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OR VOL 1002 PG 773

MEMORANDUM OF OIL AND GAS LEASE
FOR RECORDING
(Steubenville - Hess)

"Jefferson County, Ohio"

THIS MEMORANDUM OF LEASE FOR RECORDING ("Memorandum") made and entered into by and between:

City of Steubenville, hereinafter called "Lessor"
whose address is 115 South Third Street, Steubenville, OH 43952

and

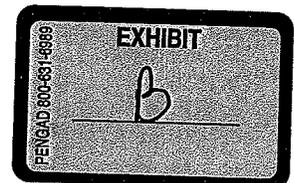
Hess Ohio Developments, LLC, a Delaware limited liability company
hereafter called "Lessee"
whose address is 1501 McKinney Street, Houston Texas 77010

269780

WITNESS That:

- 1) The parties hereto are parties to a Lease dated effective February 29, 2012.
- 2) This Memorandum is entered into by the parties under favor of Ohio Revised Code Section 5301.251.
- 3) The names and addresses of the parties as set forth in the Lease are the same as those set forth in the first full paragraph of this Memorandum.
- 4) The premises so leased:

110.603 acres, more or less, situated in Cross Creek Township, Jefferson County, Ohio, as more specifically identified on Exhibit "A" attached hereto (hereinafter called the "Leased Premises").
- 5) The term of the Lease is for a term of five (5) years from and after the Effective Date thereof ("Primary Term") and so long thereafter as oil or gas is produced from acreage included within a production and/or a pooled unit located on or partially on the Leased Premises by the Lessee, its successors and assigns, or operations are being conducted thereon by the Lessee in search for oil and/or gas. Lessee shall have the option to extend the Primary Term of this Lease as to all or any part of the acreage not included within a production and/or pooled unit at the expiration of the original Primary Term for an additional term of five (5) years(s) from the expiration of the Primary Term. Lessee shall have the right to surrender this Lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by returning the Lease to the Lessor with the endorsement of surrender thereof, or by recording the surrender or partial surrender of this Lease, any of which shall be full and legal surrender of this Lease as to all of the Leased Premises indicated on said surrender. At the expiration of the Primary Term or any extension thereof and at all times thereafter when wells cease to produce in paying quantities and are plugged and abandoned and there is no continuous drilling, this Lease shall terminate as to any undeveloped portion of the Leased Premises.



EXECUTED by the parties hereto as of the dates hereinafter set forth.

City of Steubenville

Cathy Davison
Cathy Davison, City Manager

S Gary Repella

Catherine L. Kalish

Hess Ohio Developments, LLC

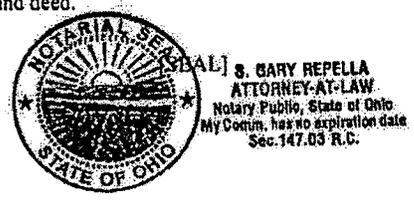
W Phillips
Printed name: W PHILLIPS
Attorney-In-Fact

State of Ohio
County of JEFFERSON

On February 21, 2012, before me, a Notary Public in and for said County, personally appeared the said Cathy Davison, City Manager of the City of Steubenville, who acknowledged that he/she/they did sign the foregoing instrument and that it is his/her/their free act and deed.

Signature / Notary Public S Gary Repella

My commission expires: _____



STATE OF TEXAS, COUNTY OF HARRIS SS

The foregoing instrument was acknowledged before me this 13 day of APRIL, 2012, by W PHILLIPS, as Attorney-In-Fact, of Hess Ohio Developments, LLC, a Delaware limited liability company, on behalf of the company.



Allison Kuehlig Notary Public

***Exhibit "A"**

This "Exhibit A" is attached to and made part of that certain Oil and Gas lease dated February 29, 2012, by and between City of Steubenville, as Lessor, and Hess Ohio Developments LLC as Lessee.

Description of lands covered by lease:

Parcel No.	Acres	County	Township	Sec., T, R	Deed
03-02475-005	15.763	Jefferson	Cross Creek	16,17-6-2	806/230
03-00439-000	17.84	Jefferson	Cross Creek	16-6-2	
03-00440-000	77	Jefferson	Cross Creek	17-6-2	374/1619

COPY

PAID-UP OIL AND GAS LEASE

THIS AGREEMENT made and entered into February 29, 2012, by and between City of Steubenville, whose address is 115 Sourth Third Street, Steubenville, OH 43952, hereinafter called Lessor (whether one or more), and Hess Ohio Developments, LLC, a Delaware limited liability company, whose address is 1501 McKinney Street, Houston Texas 77010, hereinafter called Lessee.

WITNESSETH:

1. **Lease Description.** In consideration of One Dollar (\$1.00) in hand paid by Lessee, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, and for the covenants hereinafter contained, Lessor hereby grants, leases, and lets exclusively to Lessee the following described lands situated within the Township of Cross Creek, County of Jefferson, State of Ohio, located in Section/Lot number(s) 16,17, Township number(s) 6, Range number(s) 2, and bounded substantially by lands now or formerly owned as follows:

On the North by: _____
On the East by: _____
On the South by: *See Exhibit A
On the West by: _____

Known as Tax Parcel #*See Exhibit A and estimated to comprise 110.603 acres, whether said tract or tracts contain more or less, which acreage figure may be relied upon by Lessee in determining the amount of delay rentals or other payments hereunder. In addition to the above described land, this lease also covers accretions and any strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the above described land, including any interest therein which Lessor may hereafter acquire by reversion, prescription, or otherwise.

2. **Term of Lease.** It is agreed that this lease shall remain in force for a term of five (5) years(s) from this date, and as long thereafter as oil or gas (including coalbed methane gas, gob gas, casing-head gas and casing-head gasoline), or either of them, is produced from said land by the Lessee, its successors and assigns. Lessee has the option to extend the primary term of this lease for an additional term of five (5) years(s) from the expiration of the primary term of this lease set forth above, and as long thereafter as oil or gas (including coalbed methane gas, gob gas, casing-head gas and casing-head gasoline), or either of them, is produced from said land by the Lessee, its successors and assigns, said extension to be under the same terms and conditions as contained in this lease. Lessee, its successors or assigns, may exercise this option to extend if on or before the expiration date of the primary term of this lease, Lessee pays or tenders to the Lessor or to the Lessor's credit, an amount per net mineral acre covered under that certain un-recorded "Order of Payment and Bonus and Rental Agreement" between Lessor and Lessee of even date hereof.

3. **Lease Rights Granted.** Lessee shall have and is hereby granted by Lessor, during the term of this lease, the exclusive right to enter upon the above described land to conduct geological and geophysical surveys and explorations, and to operate for, produce and save oil and gas (including coalbed methane gas, gob gas, casing-head gas and casing-head gasoline) produced in conjunction therewith, and to inject gas, air, water or other fluids into the subsurface strata of said land for the recovery and production of oil and gas; together with the right to drill wells, recondition producing wells and redrill and use abandoned wells on said land for all such purposes; together with rights-of-way and servitudes on, over, and through said lands for roads, pipelines, telephone and telegraph lines, electric power lines, structures, plants, drips, tanks, stations, houses for machinery, gates, meters, regulators, tools, appliances, materials and other equipment that may be used in exploring for and producing therefrom hydrocarbons of every kind and nature whatsoever, including but not limited to oil, gas, coalbed methane gas, gob gas, casing-head gas, and casing-head gasoline and the injection of gas, air, water or other fluids for the enhanced recovery and production of oil and gas produced in conjunction therewith; together with the right to use oil, gas, and water from said land free of cost to Lessee for all such purposes, except water from Lessor's wells or ponds; to remove, either during or after the term hereof, any and all property and improvements placed or located on said land by Lessee, including the right to draw and remove casing; together with the right of ingress, egress, and regress on, over, and through said land for any of the purposes aforesaid.

4. **Paid-Up Lease.** This lease is a paid-up lease. Notwithstanding anything to the contrary contained in the foregoing lease agreement, no production, operations, delay rental payments, or shut-in rental payments are necessary to maintain this lease in force during the primary term of this lease.

5. **Royalty Payments.** The royalties reserved by Lessor, and which shall be paid by Lessee, are: (a) On oil (including but not limited to distillate and condensate) 19.00% of that produced and saved from the leased premises, the same to be delivered at the wells or to the credit of Lessor in the pipeline to which the wells may be connected, provided; however, Lessee, at its option, may from time to time purchase such royalty oil, paying

therefore not less than the price prevailing in the pricing area for oil of like grade and gravity at the time of delivery;

(b) On gas, including coalbed methane gas, gob gas, casinghead gas and all other gaseous or vaporous products, the market value at the wells of 19.00% of the gas so sold or used, such market value at the wells in no event to exceed the net proceeds received by Lessee calculated or allocated back to the wells from which produced, making allowance and deduction for a fair and reasonable charge for gathering, compressing, and making merchantable such gas, provided, that on gas sold at the wells, the royalty shall be 19.00% of the net proceeds received by Lessee from such sale, after such allowance and deduction, and provided further that, if any such sale of gas is regulated as to price by any governmental agency having jurisdiction, such market value or net proceeds shall in no event exceed the amount received by Lessee, not subject to refund, calculated, or allocated back to the wells from which produced, making allowance and deduction for a fair and reasonable charge for gathering, compressing, and making merchantable such gas, and which amount may be further adjusted up or down prospectively or retrospectively when the price or rate authorized by such governmental agency is finally determined. Lessor agrees to pay any and all taxes levied or assessed upon its interest in the production of oil and gas from the leased premises and Lessee is hereby authorized to pay such taxes and assessments on behalf of Lessor and to deduct the amount so paid from any monies payable to Lessor hereunder. In the event any extraneous substance (being any substance that is obtained from sources other than the leased premises or lands pooled or unitized therewith) is injected into subsurface strata in connection with secondary, tertiary, or other enhanced recovery operations hereunder, any like substance thereafter produced hereunder, or contained in oil or gas thereafter produced hereunder, from such strata shall be deemed to be part of the extraneous substance so injected until the total volume thereof equals the total volume of the extraneous substance so injected, and no royalty shall be payable hereunder on any such extraneous substance. During any period after expiration of the primary term hereof, where there is a gas well on the leased premises or on a unit that includes all or a part of the leased premises, however designated, capable of producing gas and gas is not being sold or used on or off the leased premises and the well or wells are shut-in and there is no current production of oil or operations on any part of said leased premises sufficient to keep this lease in force, Lessee shall be obligated to pay or tender as shut-in rental the amount of Ten Dollars (\$10.00) per net acre of this lease contained in the drilling unit (which shall be the same and shall be paid regardless of the number of shut-in wells and regardless of whether the shut-in well or wells be located upon said leased premises or upon such other acreage as is embraced in such unit) for each six (6) month period during the shut-in period and it will be considered that gas is produced, for all purposes of this lease, during any period that such well or wells are so shut-in; such amount for the first six (6) month period to be payable within ninety (90) days following shutting-in of the last well, and payment for each subsequent six (6) month period, if required, shall be payable on or before the beginning date of each such subsequent six (6) month period. The amount of each such rental payment or tender may be paid to Lessor by check or draft of Lessee and such payments may be commenced and continued either during or beyond the primary term. No such shut-in rental payments shall be required during the primary term of this lease. Lessee's failure to properly pay such rental payments shall render Lessee liable for the amount due but shall not operate to terminate this lease. Lessee shall use reasonable diligence to market gas capable of being produced from such shut-in well or wells, but shall be under no obligation to market such gas under terms, condition, or circumstances which, in Lessee's judgement exercised in good faith, are unsatisfactory.

6. **Free Gas** Lessor may use up to 200,000 cubic feet of gas, free of charge, per calendar year, for domestic purposes in one dwelling house on said leased premises; provided at the time a well is first drilled and completed hereunder, Lessor owns a dwelling house located on that part of the leased premises on which such well is located; subject, however to such well being capable of producing in commercial quantities; and subject, further, to the use, maintenance, operation, production and right of abandonment by Lessee of its well(s), equipment and pipelines on the leased premises. Lessor may upon written application, subject to Lessee's election as hereinafter described, secure such gas by service line laid to and connected to such well on said leased premises in accordance with all applicable laws, rules and regulations, the point of connection to be designated by Lessee, and in such event, the Lessor shall assume the entire risk and all expenses associated with securing and using such gas and agrees, to the fullest extent of applicable law, to release, protect, defend and indemnify Lessee from and against any and all claims or causes of action arising therefrom or relating thereto. If Lessor in any year uses gas in excess of the quantity provided for herein, Lessor shall pay for the same at the local prevailing price for gas for domestic use but Lessee assumes no obligation to furnish Lessor with gas in excess of the quantity provided herein. The measurement and regulation of such gas shall be by meter furnished by Lessee and regulators furnished by Lessor and set at the tap on the well. At the time application is made for free gas, Lessee shall have the option to make an annual cash payment to the qualified applicant(s) of One Thousand Five Hundred and 00/100 Dollars (\$1500.00) per year in lieu of providing free gas and such cash payment shall discharge Lessee's obligation under this lease to provide gas free of cost to Lessor, his successors, heirs and assigns. Upon establishing gas production from the well in commercial quantities, such cash payment shall be made to the qualified applicant(s) on or before January 1st of each year. This payment in lieu of free gas shall be terminated when said well ceases to produce gas in commercial quantities.

Notwithstanding the foregoing provisions, in the event the leased premises are made a part of a unit or pooled with other acreage and the surface location of the well head(s) for such well or wells are on property other than that covered by this lease, the Lessor will not be entitled to use wellhead gas, free or otherwise, nor have the right to the optional annual cash payment provided for above.

7. **Operations.** If at the expiration of the primary term, oil or gas is not being produced on the leased premises or on acreage pooled therewith, but Lessee is engaged in drilling, deepening, plugging back or reworking operations thereon or shall have completed a dry hole thereon within ninety (90) days prior to the end of the primary term, this lease shall remain in force so long as operations on said well, or for the drilling, deepening, plugging back, or reworking of any additional well, are prosecuted with no cessation of more than ninety (90) consecutive days and, if they result in the production of oil or gas, so long thereafter as oil or gas is produced from the leased premises, or upon acreage pooled therewith. Furthermore, if on or after the expiration of the primary term Lessee should drill a dry hole or holes thereon or, if after discovery and production of oil or gas, the production thereof should cease from

any cause, this lease shall not terminate if Lessee commences operations for drilling, deepening, plugging back, or reworking within ninety (90) days from date of completion of a dry hole or cessation of production.

8. **Pooling.** Lessee hereby is given the right at its option, at any time within the primary term hereof or at any time during which this lease may be extended by any provision hereof, and from time to time within such period, to pool, reform, enlarge and/or reduce such unit or pool, and repool all or any part or parts of leased premises, formation(s) or strata, and/or rights therewith with any other land in the vicinity thereof, or with any leasehold, operating, or other rights, formation(s) or strata, and/or interests in such other land so as to create units of such size and surface acreage as Lessee may desire but containing not more than eighty (80) acres for an oil well and not more than six hundred forty (640) acres for a gas well plus in each case a ten percent (10%) acreage tolerance. If at any time larger units are specified under any then applicable law, rule, regulation, or order of any governmental authority for the drilling, completion or operation of a well, or for obtaining maximum allowable, any such unit may be established or enlarged to conform to the size authorized. Each unit or reformation thereof may be created by governmental authority or by Lessee recording in the county recorder's office a Declaration containing a description of the pooled acreage. Any well which is commenced, or is drilled, or is producing on any part of any land theretofore or thereafter so pooled shall, except for the payment of royalties, be considered a well commenced, drilled, and producing on leased premises under this lease. There shall be allocated to the portion of leased premises included in any such pooling or repooling such proportion of the actual production from all lands so pooled or repooled as such portion of leased premises, computed on an acreage basis, bears to the entire acreage of the lands so pooled or repooled. The production so allocated shall be considered for the purpose of payment or delivery of royalty to be the entire production from the portion of leased premises included in such pooling or repooling in the same manner as though produced from such portion of leased premises under the terms of this lease. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be land, oil, and gas rights, royalty, and/or leasehold interests in land within the unit which are not pooled or unitized, or even though there may be a failure of the leasehold title (in whole or in part) to any tract or interest therein included in a pooled unit.

9. **Warranty and Proportionate Reduction.** Lessor hereby warrants and agrees to defend the title in and to the land herein described, covenants that Lessee will have quiet enjoyment under this agreement, covenants the Lessee shall have the benefit of the doctrine of after-acquired title, and covenants that Lessee, at its option, may discharge any tax, mortgage or other lien upon said land in event of default in payment thereof by Lessor and be subrogated to the rights of the holder thereof with the right to enforce same and apply royalties and payments accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the land herein described less than the entire oil and gas estate covered by this lease, when the rentals and royalties to be paid Lessor shall be reduced proportionately.

10. **Notices.** Failure to pay or error in paying any rental or other payment due hereunder shall not constitute a ground for forfeiture of this lease and shall not affect Lessee's obligation to make such payment, but Lessee shall not be considered in default on account thereof until Lessor has first given Lessee written notice of the non-payment and Lessee shall have failed for a period of thirty (30) days after receipt of such notice to make payment.

11. **Ownership Changes.** The rights of either party hereunder may be assigned in whole or in part; but no change or division in ownership of the leased premises, delay rentals, shut-in rentals, storage rentals, or royalties, or in the status of any party, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. No change in such ownership or status shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by U.S. mail, at Lessee's principal place of business, with a certified copy of recorded instrument or instruments satisfactory to the Lessee, evidencing same. In the event of the death of any person entitled to any sum hereunder, Lessee may pay or tender the same to the credit of the deceased or the estate of the deceased until such time Lessee is furnished with proper evidence of the appointment and qualification of an executor or administrator of the estate or, if there be none, evidence satisfactory as to the heirs or devisees of the deceased and that all debts of the estate have been paid. If at any time two or more parties are entitled to or adversely claim any sum payable hereunder, or any part thereof, Lessee may pay or tender the same either jointly to such parties or separately to each in accordance with his respective ownership thereof. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment unless and until furnished with a recordable instrument executed by all parties designating an agent to receive payment for all. In the event of assignment of this lease as to a segregated portion of the leased premises, the delay rentals, shut-in rentals, and storage rentals payable hereunder shall be apportionable as between the several leasehold owners ratably according to the surface area of each, and the failure to pay delay rentals, shut-in rentals, or storage rentals on the one segregated portion of the leased premises shall not affect the rights of the party holding the other segregated portion hereunder. In the event of assignment hereof, in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach.

12. **Release of Lease.** Lessee, at any time, and from time to time, may surrender this lease as to all or any part or parts of leased premises by tendering an appropriate instrument of surrender to the Lessor or filing for a record a release or releases of this lease as to any part or all of said land, and thereupon, this lease, and the rights and obligations of the parties hereunder, shall terminate as to the part or parts so surrendered. Upon each such surrender as to any part or parts of the leased premises the rental and all other payments specified herein shall be proportionately reduced on an acreage basis, and Lessee shall maintain such rights to the surrendered portion as may be appropriate to its enjoyment of the portion not surrendered. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, buildings, or other structures placed on said premises by Lessee, including the right to pull and remove all casing.

13. **Adverse Claims.** In case of notice of, or an adverse claim to the premises, affecting all or any part of the shut-in rentals, delay rentals, storage rentals or royalties, Lessee may withhold payment or delivery of the same until their ownership is determined by compromise, or by final decree of a court of competent jurisdiction, and to this end Lessee may file a petition for interpleader.

14. **Surface Use.** No well shall be drilled nearer than two hundred (200) feet of any house or barn now on said premises without written consent of Lessor. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land. When requested by Lessor, prior to the laying of any such pipeline, Lessee shall bury Lessee's pipeline below plow depth.

15. **Storage.** Lessee shall have the exclusive right to use any stratum or strata underlying the premises for the storage of gas or liquids and may, for such purpose, reopen and restore to operation any and all abandoned wells on the premises and may drill new wells thereon for the purpose of injecting and storing gas or liquids in such stratum or strata and withdrawing such gas or liquids there from. If Lessee intends to use the premises for such purpose, or determines that it is so using the premises, Lessee may deliver to Lessor or have recorded in the county or counties in which this lease is recorded a declaration that the premises are being used, or from a specified date will be used, for gas or liquid storage, and thereafter Lessee shall have the exclusive right to use the premises for such gas or liquid storage until such time as Lessee may deliver to Lessor or have recorded in such county or counties a surrender of the right granted to Lessee by this paragraph or until Lessee shall intentionally abandon the right to use the premises for such storage. During the period or periods that Lessee shall utilize the premises for storage of gas or liquids, the royalties herein provided to be paid to Lessor shall accrue and become payable only as such gas and liquids shall have been taken from such premises by Lessee over and above the amount thereof which Lessee theretofore shall have been stored in such stratum or strata. For and during the period or periods that Lessee uses said premises for such storage, Lessee shall pay to Lessor a minimum rental of Two and 00/100 (\$2.00) Dollars per acre per year on the number of acres covered by this lease, such payment to be made not later than sixty (60) days from and after the end of each twelve (12) month period during which the premises are utilized for storage. Lessee is expressly granted the right to use so much of the surface of the premises as is reasonably necessary in the exercise of the rights granted to Lessee by this paragraph. The rights granted to Lessee by this paragraph shall continue in force for the period of time hereinabove specified, but this lease, insofar as it grants to Lessee the right to prospect and explore for, and produce oil and gas from stratum or strata other than those employed in such storage, shall not be continued in force solely by the storage of gas or liquids as provided in this paragraph.

16. **Regulations and Delays.** Lessee's obligations under this lease, whether expressed or implied, shall be subject to all applicable laws, rules, regulations, and orders of any governmental authority having jurisdiction, including restrictions on the drilling and production of wells, and the price of oil, gas, and other substances hereby. When drilling, reworking, production or other operations are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike, or labor disputes, or by inability to obtain a satisfactory market for production or failure of purchasers or carriers to take or transport such production, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and shall be maintained in force and effect for so long as prevention or delay continues, and for ninety (90) days thereafter, or so long as this lease is maintained in force by some other provisions thereof, whichever is the later date. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production, or other operations are so prevented, delayed, or interrupted.

Lessor grants Lessee the authority to request any waivers, special permits, special orders as to drilling unit requirements and/or other requirements, as well as the authority to compromise or settle any disputes with governmental agencies relating to this lease and/or production thereon and waives any notice to Lessor thereof.

17. **Entire Agreement; Further Assurances.** 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 hereof, and supersedes all prior discussions and negotiations of the parties hereto. No implied covenant, agreement or obligation shall read into this agreement or imposed upon the parties or either of them. Lessor agrees to execute such additional documents as may be determined by Lessee to be necessary and/or convenient to perfect Lessee's title to the oil and gas or any interest which is the subject of this lease and such documents relating to the sale of production as may be required by Lessee and/or others, including, but not limited to, division orders, transfer orders, affidavits, notices, ratifications, instruments regarding dormant mineral interests, requests for subordination, and any and all other such instruments.

18. **Breach or Default.** In the event Lessor considers that Lessee has not complied with its express or implied obligations hereunder, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach of said obligation. Lessee shall then have sixty (60) 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 for any cause hereunder, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by the Lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all of its obligations hereunder. It is provided, however, that after production of oil or gas has been obtained from the land covered hereby or land pooled therewith (or with any part thereof) this lease shall not be subject to forfeiture or loss, either in whole or part, for failure to comply with the express or implied obligations of this contract, except after final judicial ascertainment of such failure and after Lessee has been given a period of sixty (60) days after such final ascertainment to prevent such loss or forfeiture by complying with and discharging the obligations as to which Lessee has been judicially determined to be in default.

19. Execution. Should any one or more of the parties named herein as Lessor fail to execute this lease, it shall nevertheless be binding on the party or parties who execute the same, and additional parties may execute this lease as Lessor, and this lease shall be binding on each party executing the same notwithstanding that such party is not named herein as Lessor; and all of the provisions of this lease shall inure to the benefit of and be binding on the parties hereto and their respective heirs, legal representatives, successors, and assigns.

20. See Addendum attached hereto and made a part hereof.

IN WITNESS WHEREOF, this instrument is executed as of the first date above written.

City of Steubenville
Cathy Davison
Cathy Davison, City Manager

S Gary Repella
Catherina L. Kalish

ACKNOWLEDGEMENT

State of Ohio

County of Jefferson

On February 29, 2012, before me, a Notary Public in and for said County, personally appeared the said Cathy Davison, the City Manager of the City of Steubenville, who acknowledged that he/she/they did sign the foregoing instrument and that it is his/her/their free act and deed.

Signature / Notary Public S Gary Repella

Printed Name of Notary Public S. GARY Repella

[SEAL]

My commission expires: _____



S. GARY REPELLA
ATTORNEY-AT-LAW
Notary Public, State of Ohio
My Comm. has no expiration date
Sec. 147.03 R.C.

Prepared by, and after recording, please return original instrument to: Hess Ohio Developments, LLC, 156 Woodrow Ave., Suite 2, St. Clairsville OH 43950.

ADDENDUM

This ADDENDUM is attached to and made a part of that certain Oil and Gas Lease dated February 29, 2012 by and between City of Steubenville, as Lessor, and Hess Ohio Developments, LLC, as Lessee. If any of the following provisions conflict with or are inconsistent with the printed provisions or terms of this Lease, the following provisions shall control.

1. **Conflict of Terms:** Notwithstanding anything to the contrary considered in the Oil and Gas Lease to which this Addendum is attached and made a part of, the provisions of this Addendum shall prevail whenever in conflict with the provisions of the Oil and Gas Lease.
2. **Reclamation:** On completion of any operation, Lessee shall clean up the lease premises and remove all debris, equipment, and personal property which Lessee placed on the lease premises (except for equipment needed for the operation of producing wells, which shall be removed within six (6) months after a well permanently ceases to produce), which leave the lease premises in a neat and clean condition. While conducting operations, Lessee shall keep the premises in a neat and clean condition.
3. **Surface Restoration Clause:** It is agreed and understood that the Lessee shall repair and restore the surface of said premises as nearly as practicable, as a result of the Lessee's operations, to the condition in which said land existed at the time of the commencement of drilling operations upon above described land. This work shall be completed within a reasonable amount of time after all cessation of the drilling operations upon the said lands. This work shall be done at the sole expense of the Lessee.
4. **Timber Clause:** Prior to commencing any construction activities on the leased premises Lessee shall have an independent appraiser survey and assess the value of any marketable timber that would be impacted by Lessee's activities. Lessee agrees to pay Lessor the value of any marketable timber as damages at the prevailing stump price for the local area as determined by such independent timber appraiser; in which case said marketable timber shall then become the property of the Lessee and removed from the leased premises; OR (b) Lessor may request that Lessee stack the marketable timber on the leased premises at a mutually agreeable location in close proximity to the construction site, and said marketable timber shall remain the property of Lessor.
5. **Fresh Water Damage:** In the event any activity carried on by the Lessee pursuant to the terms of this lease damages, disturbs, or injures Lessor's fresh water well or source located on the leased premises, Lessee shall, at its sole cost and expense, use its best efforts to correct any such damage, disturbance, or injury.
6. **Pipeline – Plow Depth:** Lessee shall bury the pipeline a minimum depth of 32 inches below ground level.
7. **No Storage Rights:** Notwithstanding anything herein contained to the contrary, Lessee agrees the herein described leased premises shall not be used for the purpose of gas storage as defined by the Federal Energy Regulatory Commission. Any reference to gas storage contained in this lease is hereby deleted. If Lessor wishes to enter into an agreement regarding gas storage using the leased premises with a third party, Lessor shall first give Lessee written notice of the identity of the third party, the effective date and closing date of the transaction, the formation and interval proposed for such storage, and any other information respecting the transaction which Lessee believes would be material to the exercise of the offering. If in Lessee's sole discretion Lessee determines operations for gas storage will not adversely affect Lessee's operations, then Lessee shall provide its consent to such operation by providing written notice to Lessor within thirty (30) days from receipt of Lessor's request to allow gas storage including all or a portion of the leased premises. Failure by Lessee to provide its consent within such thirty (30) day period shall be deemed a rejection of Lessor's request.
8. **No Disposal and/or Injection Wells Clause:** Lessee agrees the herein described leased premises shall not be used for any disposal and/or injection wells. Any reference to disposal and/or injection wells contained in this lease is hereby deleted.
9. **Fence Clause:** Upon Lessor's written request, Lessee shall at its sole cost, expense, and design install fencing for the protection of livestock around any well site(s), tank battery (ies) or facility (ies) installed on the leased premises by Lessee provided that Lessor is the current surface owner of the affected lands at the

time of Lessee's surface operations.

10. Gate Clause: Upon the written request of Lessor, Lessee shall install at its sole cost and expense a gate at the entrance of any road constructed by Lessee on the leased premises provided that Lessor is the current surface owner of the affected lands at the time of Lessee's surface operations.

11. Fence and Gates: Lessee shall promptly replace any barrier, including but not limited to, fences and stone walls, removed by Lessee during its operations on said land. Lessee shall construct gates on all access roads on said land upon written request by Lessor. The type of gates constructed shall be solely at Lessee's option. An access key will be provided or a double lock system installed by Lessor and Lessee. Gates are to be closed and locked when employees are not on the premises.

12. Fence Producing Well: Upon written request of Lessor, Lessee shall: (a) fence all producing wells, tank, batteries, pits, separator, drip stations, pump engines and other equipment placed on the leased premises, with a fence capable of turning sheep, goats and cattle; (b) keep the fences on the leased premises that are installed pursuant to Lessee's operations in good repair; and (c) keep all gates and fences closed when not in use. In lieu of gates, the Lessee may choose to install cattle guards.

13. Mutual Agreement: Before commencing any drilling operation on the herein Leased Premises, there shall be a meeting between the Lessor and Lessee. Provided that Lessor is the current surface owner of the Leased Premises at the time of Lessee's surface operations, Lessor and Lessee shall mutually agree on the location of all well pads, tank batteries, meters, separator sites, flow line locations, frac pits, routes of ingress and egress, and/or pipeline routes pertinent to Lessee's operations on the Leased Premises, or lands pooled therewith. Lessor shall not unreasonably withhold, delay, or condition consent to such locations. Lessee shall make every effort to use existing logging and township roads.

14. Double Ditch Method: If Lessee wishes to use farm or grazing lands to lay pipelines, Lessee agrees to use a double ditch method for laying pipelines, which is topsoil to one side and subsoil to the other; when filling the ditch, the subsoil is replaced first and topsoil is placed on the top.

15. No Construction Within 500 feet: No well shall be drilled nearer than five hundred (500) feet of any building, water well, spring, pond, or septic system on the Leased Premises without the written consent of Lessor. No pipeline shall be constructed nearer than two hundred fifty (250) feet of any building, water well, spring, pond, or septic system on the Leased Premises without the written consent of Lessor.

16. No Use of Ponds and Lakes: Lessee shall not use water from Lessor's wells, ponds, lakes, springs, creeks or reservoirs ("Water") located on the Leased Premises without first obtaining the prior written consent of Lessor. Lessor and Lessee contemplate negotiations and agreement for the cost for onsite water usage but neither party is bound to offer to pay, or accept said offer, for any reason. Lessee shall be fully responsible for any material damage caused to Lessor's Water by any operations conducted pursuant to this Lease.

17. Shut-In Limitation: Lessee agrees that the shut-in royalty payment provided for in the Lease will be increased to Twenty-Five Dollars (\$25.00) per acre. Said shut-in royalty shall be paid or tendered to the Lessor within thirty (30) days after the end of each continuous one hundred eighty (180) day period in addition to any royalty owed on the gas once it is marketed. Upon payment of the shut-in royalty as provided herein, the Lease will continue in full force and effect while production is shut-in. It is understood and agreed that, in the sole discretion of the Lessor, this Lease may not be maintained in force for any continuous period of time longer than three (3) consecutive years after the expiration of the primary term hereof solely by the provision of the shut-in royalty clause.

18. Ad Valorem Taxes: Lessor and Lessee will pay their proportional share of all ad valorem taxes or any similar tax or assessment of oil and gas production or reserves made by any local, state, or federal entity or governmental unit attributable to, or resulting from, the assessment of oil and gas production or reserves from the Leased Premises.

19. Paid-Up Lease: Notwithstanding any provisions contained herein to the contrary, all rentals due during the primary term of the Lease are paid in full and no further rental payments are due.

20. No Compressor: This Lease does not grant Lessee the right to construct compression facilities on the Leased Premises other than those necessary and electronically powered for the production and transportation of products produced from the Leasehold or lands pooled or unitized therewith. Lessee agrees that the Leased Premises described herein will not be used as a central processing facility or storage area for equipment and materials.

21. Declaration of Production Unit: Lessee shall furnish to Lessor, a declaration of a production unit of which the Leased Premises or a portion of the Leased Premises shall be part, including a copy of all plats, maps, and exhibits of said unit.

22. Bonus Consideration: Lessee shall pay to the Lessor the sum of \$5400 per net acre in accordance with that certain Paid-Up Order of Payment and Bonus Agreement executed in conjunction with the oil and gas lease to which this Addendum is attached. Lessee shall not conduct any operations pursuant to this lease until the Bonus Consideration is paid to Lessor. Any Bonus Consideration paid shall not be refundable for any reason, except in instances of fraud.

23. Royalty and Gas Measurement: Lessee agrees to pay to the Lessor, as royalty for the oil, gas, hydrocarbons and by-products marketed and produced from each well drilled thereon, 19 % of the gross price paid to Lessee for such gas, oil, and other hydrocarbons so produced and marketed from the leased premises. Payment of royalty for gas, oil, and other hydrocarbons marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee. It is the intent of the parties hereto that the royalty to be paid is based on the gross price paid Lessee for the gas and its constituents and the oil and its constituents and in no event shall Lessor receive sale proceeds that is less than, or more than, its royalty share of the sale proceeds received by Lessee, calculated at the wellhead.

Production from the leased premises shall be 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 of atmospheric pressure, at a standard bases temperature of 60 degrees Fahrenheit and stipulated flowing temperature of 60 degrees Fahrenheit, without allowance for temperature and barometric variations. This measurement shall be at the wellhead. Reports, in reasonable and customary format, pertaining to the calculation of Lessor's royalty for any and all wells drilled on the Leased Premises or lands unitized or pooled with the Leased Premises shall be made reasonably available to Lessor.

24. Force Majeure: In the event Lessee claims that any duties or obligations of Lessee as contained in the Lease may not be fulfilled as a result of Force Majeure as defined in the Lease, Lessee shall provide notice to Lessor of the nature of the Force Majeure, indicate the expected length of delay, and work diligently to remove or resolve the force majeure event. The lease shall never be extended longer than a total of three (3) consecutive years due to the terms contained in the Force Majeure Clause of the Lease.

25. Conduct of Operations: Lessee shall cooperate with Lessor conducting its operations to minimize any interference with the agricultural or residential use of the premises. If Lessee in the course of its operations hereunder interferes with Lessor's personal ingress and egress routes, Lessee will provide reasonable alternate temporary access to help minimize the disruption. In addition:

a. Lessee shall not use Lessor's existing roadways without Lessor's written consent. All ditching and grading shall be to the standards as established by the township in which the Leased Premises are located for road construction and maintenance.

b. Lessee shall be responsible for any damages caused by Lessee's operations to above ground and underground utilities, sanitary sewers, storm drains, catch basins, and drainage ditches.

c. All pipelines shall be conspicuously marked by Lessee. If Lessee chooses to lay plastic lines, such lines shall be marked by a tracer wire for purposes for electronically locating such lines.

d. Lessee shall, during the operation of the drilling and afterward, clean the site and all appropriate areas, including areas of ingress and egress, spread the appropriate gravel, road fabric, plastic culverts, properly maintain all approaches and driveways, maintain all areas in a clean and orderly manner, maintain all tanks and equipment in a clean, painted condition, mow all grass and weeds (as needed) and grade all areas to the reasonable and prudent satisfaction of Lessor. All roads shall be appropriately crowned to foster drainage.

e. All motors used in the operation of any wells shall be electrical, where practical and economical.

f. All access roads used by Lessee pursuant to its drilling and production operations on the Leased Premises shall be kept in passable condition, free of significant ruts.

g. Lessee shall test, with a certified lab, Lessor's domestic water supply tested for quality prior to commencement of and, to the extent so requested by Lessor, following drilling operations on said land in order to ensure that said water supply is not adversely affected by said operations. Lessor shall be provided with copies of the lab documentation. In the event it is reasonably determined by Lessor and

Lessee that said operations have adversely and materially affected said water supply, then Lessee, at its own expense, shall take steps necessary to return said water supply to pre-drilling conditions. Lessee, at Lessee's expense, agrees to provide Lessor with a reasonable supply of potable water until such time as Lessor's water supply has been returned to pre-drilling conditions. It is further understood and agreed that Lessee will not utilize Lessor's water supply while conducting its operations on the Leased Premises without Lessor's written consent. The water testing shall be conducted to Ohio EPA standards for potable non-transient use. In the event the Leased Premises are used for agricultural purposes where the quality of water is regulated and Lessee's operations negatively impact the water supply for such operations, Lessee shall immediately provide water meeting such requirements as to quality and within a time period necessary to fully comply with all regulations relating thereto.

h. Prior to use of Lessee's means of ingress or egress, lessee shall receive all proper permits and post all bonds required by any governmental authority relative to the use of said roadways.

i. Any electric lines installed by Lessee shall meet the electrical code of the Ohio Department of Commerce and all electrical installation shall remain in force after termination of this Lease or abandonment of any wells drilled by Lessee. All above ground electric lines shall be installed at least fourteen (14) feet high.

26. Coal: Lessee acknowledges that certain rights to mine or extract coal may be applicable to or affect the Leased Premises subject to this Lease. Lessor makes no representation or warranty and provides no assurance that Lessee's ability to extract oil and gas will be unaffected by such coal rights. Lessee shall rely solely on its evaluation of the exploration and extraction rights granted hereby and shall not rely on Lessor regarding such rights. In the event the right, so long as it does not interfere with Lessee's oil and gas operations, to extract coal and/or other mineral is granted or conveyed by Lessor subsequent to the date hereof, Lessee agrees to cooperate with such Lessee or grantee in the mining or extraction of such coal or mineral in order to permit Lessor to obtaining the economic benefit of all coal and minerals located on the Leased Premises. In any event, this provision shall always adhere and be under and subject to the Force Majeure provisions in this Lease.

27. Pooled Production Unit Limit: In the event Lessee desires to pool or unitize the Leased Premises with other lands and there is no spacing order previously established by a governmental or regulatory body, Lessee shall not have the right to form a production unit larger than 1,280 acres for a horizontal well, 160 acres for a vertical gas well, and 80 acres if a vertical oil well, plus in each case a 10% tolerance.

28. Surface Damage Payment: Provided that Lessor is the current surface owner of the affected lands at the time of Lessee's surface operations, Lessee agrees to pay to Lessor the sum of Twenty Thousand Dollars (\$20,000.00) as surface damage payment for each drill site pad and newly constructed access roads located on the surface of the leased premises. Multiple wells may be drilled from a single drill site pad. Lessee agrees that each drill site pad built on the Leased Premises shall not exceed twenty (20) acres of surface area unless granted written permission by Lessor. In the event Lessee physically and materially disturbs more than twenty (20) acres for any drill site pad, Lessor shall be compensated at the rate of Three Thousand Dollars (\$3,000.00) per acre so disturbed in excess of twenty (20) acres. If Lessee should locate more than one drill site pad on the Leased Premises, a separate surface damage payment shall be paid for each drill site pad. Lessee shall not be required to pay any separate surface damage payment for additional wells drilled in sequence after the completion of drilling the initial well or group of wells as the case may be; however, if Lessee fully reclaims any well pad, and then returns at a later date to a fully reclaimed drill site pad for the purpose of drilling an additional well or wells on that drill site pad, Lessee shall pay to Lessor an additional surface damage payment. To the extent only a portion of a drillsite pad is located upon the surface of the Leased Premises, the payments described above shall be proportionately adjusted to reflect the percent of the drillsite pad that is located upon the Leased Premises.

29. Hold Harmless Clause: Lessee shall indemnify and hold Lessor harmless from any and all liability, liens, demands, judgments, suits, and claims of any kind or character arising out of, in connection with, or relating to Lessee's operations under the terms of this Lease, including, but not limited to, environmental issues, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, or strict liability. Lessee further covenants and agrees to defend any suits brought against Lessor on any claims, and to pay any judgment against Lessor resulting from any suit or suits, together with all costs and expenses relating to any claims, including attorney's fees, arising from Lessee's operations under the terms of this lease. Lessor, if it so elects, shall have the right to participate, at its sole expense, in its defense in any suit or suits in which it may be a party, without relieving Lessee of the obligation to defend Lessor. The terms hereof do survive the expiration or surrender of this lease and/or the completion of operations.

30. Audit Clause: 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. Such examination and audit shall be at the sole cost and expense of Lessor.

31. Compliance Clause: Lessee's operations on said land shall be in compliance with all applicable federal and state regulations.

32. Prudent Operator: Lessee agrees to be a prudent operator and will keep all surface disturbances to the minimum area necessary to conduct its operations.

33. No Other Minerals: This Lease shall cover only oil and gas and related hydrocarbons (but not coalbed methane) that may be produced from the well bore; and all other minerals including, but not limited to, lignite coal, uranium, sulfur, gravel, copper, and metallic ores are not included in this Lease.

34. Damage: Lessee agrees to pay Lessor at fair market value for all surface damages caused by Lessee's operations to growing crops.

35. Commencement of Operations: Commencement of operations shall be defined as Lessee having secured a drilling permit from the State and further entering upon the herein described premises with equipment necessary to build any access road(s) for drilling of a well subsequently followed by a drilling rig for the spudding of the well to be drilled, and the commencement and completion of the drilling of a well.

36. Arbitration: Any questions concerning this lease or performance there under shall be ascertained and determined by three disinterested arbitrators, one thereof to be appointed by Lessor, one by the Lessee and third by the two so appointed as aforesaid and the award of such collective group shall be final and conclusive. Arbitration proceedings hereunder shall be conducted at the county seat or the county where the Lease is filed or the action occurred which is cause for the arbitration, or such other place as the parties to such arbitration shall all mutually agree upon. Each party will pay its own arbitrator and share costs of the third arbitrator equally.

37. Leasehold Identification: Notwithstanding any other provision in the lease including that provision being what is commonly known in lease terminology as a "Mother Hubbard Clause", it is understood and agreed that the lease is valid only as to the specific parcels described and identified in the lease. This lease does not include parcels adjacent or contiguous to the land described in the lease that is also owned or claimed by Lessor which is not specifically described in the lease. Any acreage discrepancies in the parcels listed shall be covered by this lease.

38. Pipeline – No Foreign Gas: Any pipelines constructed pursuant to the terms of this lease shall be for transporting oil and/or gas from a well(s) drilled on the leased premises or lands pooled therewith unless Lessor and Lessee enter into a separate written agreement.

39. Pugh Clause: If the Leasehold covered by this Oil and Gas Lease covers more than sixty (60) net acres and more than sixty percent (60%) of the Leasehold covered by this Oil and Gas Lease is not included in the production unit established by Lessee, this Lease shall automatically terminate two (2) years ("Extended Term") after the expiration of the primary term or any extension provided herein, insofar and only insofar as to all Leasehold outside a production unit established by Lessee for a well, provided if the Lessee, its successors or assigns shall be engaged in operations for the drilling, completing or testing of a new well or wells or the drilling, completing, testing, or deepening of an existing well or wells on the leased premises or on lands with which said Leasehold or a portion hereof have been included in a production unit, then this Oil and Gas Lease shall continue in full force and effect until such drilling, completing, testing or deepening operations have been completed.

40. Special Warranty Title: Lessor warrants that Lessor has not previously sold, leased, licensed or otherwise conveyed any portion of Lessor's Oil and Gas Rights in the Leasehold and such Oil and Gas Rights are still owned or controlled by Lessor. Lessor makes no warranty of title to the lands herein described, but represents that Lessor has done nothing to encumber title or preclude Lessee from enjoying the use of the Oil and Gas Rights for the purpose described herein. Lessee shall have the right at any time to redeem for Lessor, by payments, any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the leasehold and Lessee shall be entitled to recover from the Lessor debtor, with legal interest and costs, by deduction from any future payments to Lessor or by any other lawful means. At the written request by lessee, Lessor shall request, within a

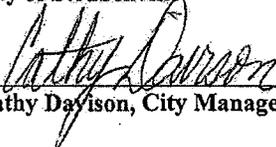
reasonable time, that its mortgagee, bank or lender provide a subordination of its mortgage on the Leasehold.

41. Clean and Green Clause: Lessee agrees that if and when any penalty, rollback or recapture of tax abatements created or imposed under any governmental program such as, but not limited to CREP, CRP and Clean and Green that is levied on Lessor solely as a result of Lessee's operations on leased premises, Lessee will reimburse Lessor upon written request and copy of the penalty notice, but only insofar as such assessments are imposed on that portion of the surface of the leased premises actually disturbed by such oil and gas operations and not reclaimed.

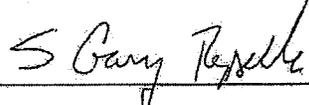
42. Release of Lease: Upon written request by Lessor and after termination, expiration, or surrender of this lease in whole or in part, Lessee shall provide Lessor with a copy of an appropriate release of lease and cause the same to be filed of record.

Lessor's Signature:

City of Steubenville



Cathy Davison, City Manager



Catherine L. Kalich

***Exhibit "A"**

This "Exhibit A" is attached to and made part of that certain Oil and Gas lease dated February 29, 2012 by and between City of Steubenville, as Lessor, and Hess Ohio Developments LLC as Lessee.

Description of lands covered by lease:

Parcel No.	Acres	County	Township	Sec., T, R.	Deed
03-02475-005	15.763	Jefferson	Cross Creek	16,17-6-2	306/230
03-00439-000	17.84	Jefferson	Cross Creek	16-6-2	
03-00440-000	77	Jefferson	Cross Creek	17-5-2	374/1619

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do not send to the IRS.

Name (as shown on your income tax return)
City of Steubenville

Business name, if different from above

Check appropriate box:
 Individual/Sole Proprietor Corporation Partnership Other **Municipality** Exempt from backup withholding
 LLC filing as Sole Proprietor LLC filing as Corporation LLC filing as Partnership

Address (number, street, and apt. or suite no.)
115 South Third Street

City, state, and ZIP code
Steubenville, OH 43952

List account number(s) here (optional)

Requester's name and address (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see How to get a TIN on page 3.

Note: If the account is in more than one name, see the chart on page 3 for guidelines on whose number to enter.

Social security number
| | + | + | | |

or

Employer identification number
3460002729

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification Instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply.

For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 3.)

Sign Here Signature of U.S. person *Alysa H. Berke* Date *2/29/12*

Purpose of Form
A person who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

Note: If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Foreign person. If you are a foreign person, do not use Form W-9. Instead use the appropriate Form W-8 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

- The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
- The treaty article addressing the income.
- The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
- The type and amount of income that qualifies for the exemption from tax.
- Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese

PAID- UP ORDER OF PAYMENT AND
BONUS AGREEMENT

This Agreement (hereinafter the "Agreement") is supplementary to that certain Oil and Gas Lease (hereinafter the "Lease") dated February 29, 2012 by and between City of Steubenville, as Lessor, and Hess Ohio Developments, LLC, a Delaware Limited Liability Company, 1501 McKinney Street, Houston Texas 77010, as Lessee, covering 110.603 gross 110.603 net acres located in Section(s) 16,17, T 6N, R 2W, Cross Creek Township, Jefferson County, Ohio, and is being executed contemporaneously with the Lease.

Lessor and Lessee, for the consideration as set forth in the Lease and other valuable consideration agree as follows:

All money due under the Lease and this Agreement shall be paid or tendered to the Lessor by check made payable to the order of and mailed or otherwise delivered to:

Payee: City of Steubenville
Address: 115 South Third Street Steubenville, OH 43952

Payee Social Security Number: Tax Exempt 34-6002729

Except and subject to the provisions contained in Paragraph 11 of the Lease, the Payee named above shall continue as Lessor's agent to receive any and/or all sums payable under the Lease and this Agreement regardless of changes in ownership.

Lessee shall have 90 days from the date of its receipt of the original of the Lease and this Agreement to review the terms and conditions of the Lease and this Agreement and make a preliminary determination as to the interest and title of Lessor in the property being leased, and approve the same in Lessee's sole discretion. On approval of the Lease and this Agreement and title confirmation, Hess Ohio Developments, LLC, or its agent or designee, will make payment during such 90 day period to Payee in an amount equal to ~~\$5400~~ ^{\$597,256.20} per Net Mineral Acre (as later defined herein), based upon the preliminary determination as to the interest and title of Lessor made by Lessee, which is estimated as of the time of this Agreement to be \$ 597,256.20 (\$5400x 110.603 acres). The Lease being a "paid-up" lease, the forging payment shall be the full consideration due from the Lessee during the primary term of the Lease, and no other delay rental or shut-in rental payments, operations, or production, shall be required during the primary term of the Lease to maintain the Lease in full force and effect.

For purposes of the Lease and this Agreement, one "Net Mineral Acre" shall be equal to the full oil & gas mineral interest in one acre of land. Except as otherwise provided in the Lease, the payment set forth above shall be deemed full and complete consideration for this Lease, including consideration for the initial bonus consideration and delay rentals for the initial five (5) year primary term. Such payment shall relieve Lessee of any obligation to commence drilling operations or pay delay rentals during the initial primary term of the Lease. No default may be claimed by Payee during said 90 day period.

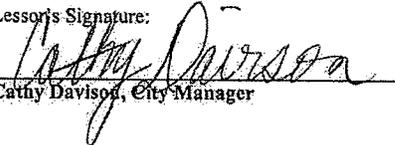
In the event Lessee, based upon its preliminary determination as to the interest and title of Lessor, determines the Net Mineral Acres owned by Lessor to be more or less than that interest stipulated in the Lease and this Agreement, Lessee shall notify Lessor of such determination at the time of or before the tendering of the above referenced payment, and thereafter all payments due under the Lease and this Agreement shall be based upon the Net Mineral Acres as determined above. Provided, however, that notwithstanding the use of Net Mineral Acres for the calculation of payments, the Lease shall cover the entire interest and property as described in the Lease, including any interest therein which Lessor may hereafter acquire.

In the event operations for drilling are not commenced on the leased premises, or on acreage pooled therewith, during the initial five (5) year primary term of the Paid-Up Lease and this Agreement, and Lessee elects to exercise its option as provided for in the Lease to extend the primary term for an additional term of five (5) years from the expiration of the initial primary term of the Lease, it shall pay or tender to the Lessor or to the Lessor's credit, the amount of \$5400 per Net Mineral Acre, which shall be in full consideration of such election and shall also constitute all payments of the extended primary term, including consideration for the bonus and all delay rentals during the five (5) year extended primary term. Drilling operations shall be deemed to commence when the first work, other than surveying or staking the location, is done thereon which is necessary for such operations.

NOTWITHSTANDING ANYTHING WRITTEN HEREIN TO THE CONTRARY, HESS OHIO DEVELOPMENTS LLC RETAINS THE RIGHT TO SURRENDER THE LEASE ASSOCIATED WITH THIS ORDER OF PAYMENT AT ANY TIME FOR ANY REASON BEFORE PAYMENT IS DUE AS SET FORTH HEREIN. IN THE EVENT THE LEASE IS SURRENDERED BEFORE PAYMENT IS DUE, THEN LESSEE SHALL NOT BE LIABLE FOR ANY PAYMENTS TO THE PAYEE SET FORTH HEREIN. FURTHERMORE, IN THE EVENT THE LEASE HAS BEEN RECORDED IN THE COUNTY RECORDS, THEN LESSEE AGREES, WITHIN TEN (10) BUSINESS DAYS AFTER SUCH SURRENDER OR THE DUE DATE OF SUCH PAYMENT, WHICHEVER IS THE FIRST TO OCCUR, TO FILE A RELEASE OF SUCH LEASE IN THE COUNTY RECORDS AND FURNISH A RECORDED COPY THEREOF TO THE LESSOR.

Completed by: Hess Ohio Developments, LLC

Lessor's Signature:


Cathy Davison, City Manager

Approved by: