

Received 12/7/12
Date _____ Time 9:00am
Alpena Register of Deeds

L: 493 P: 153 ASSIGN
12/20/2012 11:43 AM Page: 1 of 5 \$32.00
Kathy J Matash, Register Alpena Co., Mi

ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (the "**Agreement**") is made and entered into this 13th day of July, 2012, by and between WOLVERINE POWER SUPPLY COOPERATIVE, INC., a Michigan non-profit corporation ("**Wolverine**"), and MICHIGAN ELECTRIC TRANSMISSION COMPANY, LLC, a Michigan limited liability company ("**METC**").

RECITALS:

WHEREAS, Wolverine owns and operates an approximate 1.32 mile section of single pole double circuit 138kV electric transmission lines and associated facilities located in Sections 21, 27 and 28, Township 31 North, Range 07 East, Wilson Township, Alpena County, Michigan (the "**Airport Line**").

WHEREAS, pursuant to that certain Bill of Sale and Instrument of Assignment by and between Wolverine and METC dated of even date hereof (the "**Bill of Sale**"), Wolverine transferred all of the transmission assets and associated facilities related to the Airport Line, as more particularly described in the Bill of Sale, to METC.

WHEREAS, Wolverine was formerly known as Northern Michigan Electric Cooperative, Incorporated.

WHEREAS, Wolverine obtained easements from various landowners relative to the Airport Line ("**Airport Line Easements**"), which are more particularly described on the attached **Exhibit A**.

WHEREAS, Wolverine now desires to assign, transfer and set over unto METC, all of Wolverine's rights, title and interest in and to the Airport Line Easements.

WHEREAS, METC desires to assume Wolverine's rights, title and interest in and to the Airport Line Easements.

FILE
2012
7/12

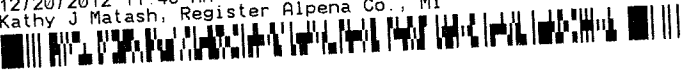
NOW, THEREFORE, the parties do hereby agree as follows:

1. Assignment and Assumption. For good and valuable consideration, the receipt of which is hereby acknowledged, Wolverine does hereby assign, transfer and set over unto METC and METC hereby assumes all of Wolverine's rights, title and interest in and to the Airport Line Easements. This Agreement, and the rights, obligations and interests assigned hereby, shall be perpetual and shall run with the lands described within the Airport Line Easements, and shall be binding upon and inure to the benefit of Wolverine and METC, and each and all of their respective successors and assigns.

2. Counterpart Signatures. This Agreement may be signed in one or more counterparts, each of which shall be an original. A counterpart of this Agreement with separate but fully executed signature pages attached thereto shall have the full force and effect of an original executed instrument.

This Assignment Agreement is exempt from County real estate transfer tax pursuant to MCLA 207.505(f) and from State real estate transfer tax pursuant to MCLA 207.526(f).

[Signature of Wolverine on Following Page]

L: 493 P: 153 ASSIGN
12/20/2012 11:43 AM Page: 2 of 5 \$32.00
Kathy J Matash, Register Alpena Co., Mi


IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment Agreement as of the day and year first above written.

WOLVERINE POWER SUPPLY COOPERATIVE, INC.,
a Michigan non-profit corporation

By: 
Name: Eric D. Baker
Title: President & CEO

STATE OF MICHIGAN)
) ss:
COUNTY OF MISSAUKEE)


This Assignment Agreement was acknowledged before me this 13th day of July, 2012, by Eric D. Baker as President & CEO of Wolverine Power Supply Cooperative, Inc., a Michigan non-profit corporation.

Laurie J. Millen
Laurie J. Millen, Notary Public
Acting in Missaukee County,
My Commission Expires Jan 9, 2013



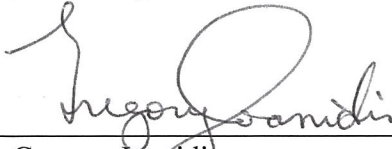
[Signature of METC on Following Page]

L: 493 P: 153 ASSIGN
12/20/2012 11:43 AM Page: 3 of 5 \$32.00
Kathy J Matash, Register Alpena Co., Mi



MICHIGAN ELECTRIC TRANSMISSION COMPANY, LLC,
a Michigan limited liability company

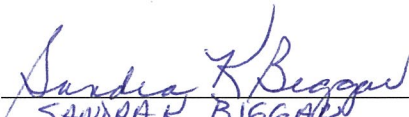
By: ITC Holdings Corp., its Manager

By: 
Name: Gregory Ioanidis
Title: Vice President of ITC Holdings Corp.
and President, ITC Michigan


STATE OF MICHIGAN)
) ss:
COUNTY OF OAKLAND)

This Assignment Agreement was acknowledged before me this 13th day of July, 2012, by Gregory Ioanidis as Vice President of ITC Holdings Corp., a Michigan corporation.

SANDRA K. BIGGAR
NOTARY PUBLIC, STATE OF MI
COUNTY OF WAYNE
MY COMMISSION EXPIRES Jun 22, 2016
ACTING IN COUNTY OF Oakland


SANDRA K. BIGGAR, Notary Public
Acting in Oakland County, Michigan
My Commission Expires 6-22-2015

PREPARED BY AND AFTER RECORDING RETURN TO:
Jenny D'Anna, ITC Holdings Corp., 27175 Energy Way, Novi, MI 48377 – (248) 946-3000

L: 493 P: 153 ASSIGN
12/20/2012 11:43 AM Page: 4 of 5 \$32.00
Kathy J Matash, Register Alpena Co., Mi


AIRPORT TIE EASEMENTS

L: 493 P: 153 ASSIGN
 12/20/2012 11:43 AM
 Kathy J Matash, Register Alpena Co., MI
 Page: 5 of 5
 \$32.00

Grantor	Grantee	County	Township	Town	Range	Section	Recording Information	Date of Document	Legal Description
Donald J. Cook and Mary I. Cook, husband and wife	Northern Michigan Electric Cooperative, Incorporated and successors	Alpena	Wilson	T31N	R7E	Section 28	Liber 220 Page 70	2/5/1977	A strip of land 100' in width, being fifty feet upon each side of the center of the electric transmission line to be erected upon, under, over or across the N 1/2 of the NE 1/4 except the East seven hundred feet (700') thereof and except for the West eight hundred feet (800') thereof.
Anthony Giorgio and Mary Ann Giorgio, and, Alpena Power Company by Order Confirming Commissioners Verdict	Northern Michigan Electric Cooperative, Incorporated and successors	Alpena	Wilson	T31N	R7E	Section 28	Liber 238 Page 442	7/21/1981	The North 100 feet, of the East 1630 feet of the South one-half (S 1/2) of the Northeast one-quarter (NE 1/4)
State of Michigan, Department of Natural Resources	Northern Michigan Electric Cooperative, Incorporated and successors	Alpena	Wilson	T31N	R7E	Section 27	Liber 240 Page 73	7/7/1980	100 foot right of way being 50 foot either side of the following traverse centerline: The line will enter State land approximately 1,320 ft S and 50 ft E of the NW corner of Sec. 27, T31N, R7E, Alpena County, Michigan. Thence due S 829 ft to the N right of way line of the D & M Railroad. Thence S 100 ft to the S railroad right-of-way fence at which point State land is entered again. Thence due S 2,934 ft to the existing 138,000 volt Consumers Power Company line which is the point of ending.

LIBER 220 PAGE 70

RIGHT OF WAY EASEMENT
NORTHERN MICHIGAN ELECTRIC COOPERATIVE, INCORPORATED TRANSMISSION LINES

KNOW ALL MEN BY THESE PRESENTS, That Donald J. Cook and Mary J. Cook
Whose Address is: 6275 M-32,

Alpena, Michigan (single), (husband and wife) in consideration of the sum of One (\$1.00) Dollar, the receipt of which is hereby acknowledged, do hereby grant, warrant and convey unto NORTHERN MICHIGAN ELECTRIC COOPERATIVE, INCORPORATED, a non-profit corporation incorporated under the laws of the State of Michigan, with offices at 1050 east Division, Boyne City, Michigan, its successors and assigns, the perpetual right to enter upon and to place, construct, operate, repair, maintain, relocate and replace electric transmission or distribution lines and any buried grounding system therefor, upon lands situated in the County of Alpena, State of Michigan, and particularly described as follows: A strip of land one hundred (100) feet in width, being fifty (50) feet upon each side of the center of the electric transmission line to be erected upon, under, over or across the N 1/2 of the N.E. 1/4. Except the East (700') seven hundred feet thereof and Except the West (800') Eight hundred feet thereof.

RECORDED
ALPENA COUNTY, MI.

FEB 7 12 10 PM '77

Sections(s) 28 Township 31 N Range 7E together with all rights and privileges therein necessary or convenient for the full enjoyment or use thereof for the purposes above described including, but not limited to, the right of ingress and egress to and from said strip; and also the right to cut, trim, remove, destroy or further control all trees, brush or shrubbery, upon said strip and upon and adjacent to said strip and in or upon all streets, roads, or highways on or abutting said lands, to the extent necessary to keep them clear of said electric transmission line or system, and to cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike the wires when falling, and further agree to the joint use or occupancy of the line or system by any other person, association or corporation for electrical or telephone purposes.

To Have and To Hold the same to Northern Michigan Electric Cooperative, Incorporated, its successors and assigns, Forever. The undersigned agree that all poles, wires and other facilities, installed on the above-described lands at the Cooperative's expense, shall remain the property of the Cooperative, removable at the option of the Cooperative.

The Cooperative agrees to pay the undersigned for the privileges herein granted, when said line or system has been completely constructed, one dollar (\$1.00) for each pole and one dollar (\$1.00) for each 100 foot section thereof.

Payment for Easement - Ninethundred sixty (\$960.00)

All damages to fences and growing crops caused by the negligence of the grantee in maintaining, replacing or repairing the installations above mentioned shall be borne by the grantee.

Grantor covenants and agrees that no buildings or other structures shall be placed on, under or over the easement herein granted without first obtaining the written consent of the Grantee. It is expressly understood that non-use or a limited use of this easement by Grantee shall not prevent Grantee from later making use of the easement to the full extent herein authorized.

The undersigned covenant that they are the owners of the above-described lands and that the said lands are free and clear of encumbrances and liens of whatsoever character except those held by the following:

When applicable, pronouns and relative words shall be read as plural, feminine or neuter.

WITNESS the hands and seals of the grantors this 5th day of Feb, 19 77. Signed, Sealed and Delivered in the Presence of:

Richard D. Love I.S.
Richard D. Love
Don J. Davis
Ira L. Davis
Donald J. Cook I.S.
Donald J. Cook
Mary J. Cook
Mary J. Cook

In consideration of \$1.00 and other considerations, the undersigned, hereby adopt and join in the execution of the above and foregoing grant and consent to the enjoyment by the Grantee herein of the rights granted by said grant, and confirm and ratify the same.

Dated this Seventh day of February, 19 77
ALPENA SAVINGS BANK I.S.
Charles N. Ruby
Charles N. Ruby, Asst Vice Pres. I.S.

ACKNOWLEDGEMENTS

STATE OF MICHIGAN ALPENA SS
COUNTY OF ALPENA

On this 5TH day of Feb, 19 77, before me, a Notary Public in and for said County, personally appeared Donald J. Cook & Mary J. Cook

to me known to be the persons described in and who executed the within instrument and who duly acknowledged the same to be their free, act and deed.

Ira L. Davis
Notary Public, CHARLES N. RUBY County, Michigan
My Commission expires Oct. 8, 1978
ALPENA COUNTY

ACKNOWLEDGEMENTS

LIBER 220 PAGE 71

STATE OF MICHIGAN)
COUNTY OF ALPENA) SS

On this 7th day of FEBRUARY 1977 before me, a Notary Public in and for said
County, personally appeared CHARLES N RUDY

to me known to be the persons described in and who executed the within instrument and who duly acknowledged the same to be
free act and deed.

See L. Davis
Notary Public, CHARLES N RUDY County, Michigan

My Commission expires Oct 8 1978
ACTING IN ALPENA COUNTY

ACKNOWLEDGEMENTS

STATE OF MICHIGAN)
COUNTY OF) SS

On this _____ day of _____ 19____ before me, a Notary Public in and for said
County, personally appeared _____

to me known to be the persons described in and who executed the within instrument and who duly acknowledged the same to
be the free act and deed of the Corporation.

Notary Public _____ County, Michigan
My Commission expires _____

W-5
DONALD COOK - 385-34-6736
MARK I COOK - 567-34-9944

Right-of-Way Easement

TO

NORTHERN MICHIGAN ELECTRIC
COOPERATIVE, INC.

REGISTER'S OFFICE

County of _____) SS
Received for Register the _____ day
of _____ at _____ o'clock _____ recorded
In Vol. _____ of Deeds of _____ FIELD

Register of Deeds

After recording please return to:

N-1 NORTHERN MICHIGAN ELECTRIC
COOPERATIVE INC.
1644 East Division
Bozette City, Mich. 49712

RECORDED
ALPENA COUNTY, MI.

JUL 21 11 46 AM '81

LIBER 238 PAGE 442

Charles J. ...
REGISTER OF DEEDS

STATE OF MICHIGAN
IN THE PROBATE COURT FOR THE COUNTY OF ALPENA

In the Matter of the Petition of Northern Michigan Electric Cooperative, Inc., a Michigan Non-Profit Corporation, for the Condemnation of Certain Interests in Lands in Alpena County, Michigan, for the Purpose of Transmitting, Distributing, Furnishing, Selling, Supplying and Disposing of Electric Energy

File No. 9141

Parcel Twelve and Parcel Twelve "A"

ORDER CONFIRMING COMMISSIONERS' VERDICT AND ORDERING PAYMENT OF AWARD

At a session of said Court held at the Court House in the City of Alpena, Michigan, in said County, on the 21st day of July, 1981.

PRESENT: THE HONORABLE RICHARD E. MEDEN, Judge of Probate

The Commissioners heretofore appointed in this matter, having filed their report finding necessity for an easement for the transmission line right-of-way described in the Petition herein, and, this Court having on January 15th, 1980, entered its Order Confirming the Report of Commissioners as to Necessity;

As to Parcel Twelve "A", the Respondent Alpena Power Company, by its Attorney Joel W. Gillard and the Petitioner, Northern Michigan Electric Cooperative, Inc., by its Attorney, Robert C. Klevorn, having on June 22nd, 1981 Stipulated on the record that the damages to the floodage rights interests owned by the Respondent was the sum of One Hundred Dollars. IT IS ORDERED, that Petitioner pay that sum to Respondent as provided by Statute ;

ROBERT C. KLEVORN
(P16051)
ATTORNEY AT LAW
215 SOUTH LAKE STREET
BOYNE CITY, MICHIGAN
49718
A/C 018
588-7811

LIBER 238 PAGE 443

And the matter of just compensation and damages having been brought on to be heard on June 22nd, 1981, before the afore-said Commissioners and the parties having been present in Court and said Commissioners having heard the evidence presented and the arguments offered and being duly sworn, did retire on June 23, 1981 for deliberations and thereafter returned their verdict and written report to the Court as more particularly set forth therein;

And Petitioner having moved the Court to confirm said Commissioners' Report and it appearing by filed Proof of Service that the proposed Order was submitted to the Condemnees pursuant to Court Rule, and it appearing to the Court that in all respects the Commissioners' proceedings were regular.

NOW THEREFORE, IT IS ORDERED, on Motion of Robert C. Klevorn, Attorney for Petitioner, as follows:

1. That title to said easement and the rights of possession as hereinafter set forth are hereby vested in Petitioner, Northern Michigan Electric Cooperative, Inc., a Michigan Non-Profit Corporation, of Boyne City, Michigan; Its successors and assigns forever; and the just compensation and damages as stipulated and determined by the Commissioners is hereby confirmed by the Court as follows:

Parcel No. Twelve

Just Compensation	\$3,925.00
Timber Damages	\$ 325.00
Interest on \$3,925 @ 12% for 1 year	\$ 471.00
Total Award	\$5,221.00

Parcel No. Twelve "A"

Just Compensation and Total Award \$ 100.00

ROBERT C. KLEVORN
(P18001)
ATTORNEY AT LAW
218 SOUTH LAKE STREET
BOYNE CITY, MICHIGAN
49718
A/C 818
862-2811

LIBER 238 PAGE 444

2. That the description of said land and the location thereon of said easement is as follows:

The North 100 feet of the East 1,630 feet of the South one-half (S½) of the Northeast one-quarter (NE¼), Section 28, T31N, R7E, Northeast part of Wilson Township, Alpena County, Michigan.

3. That the interests in the lands hereinabove described, which are hereby vested in Petitioner, Its successors and assigns forever, are as follows:

The easement and right to erect, lay and maintain one line of wooden pole structures, wires, cables, and other fixtures and appurtenances for the purpose of transmitting and distributing electricity on, over, under and across the parcel of land hereinabove described, including all the public highways upon or adjacent to said parcels of land; the route to be taken by said line of poles, wires and cables, on, across over and under said land being more specifically described above. With the full rights and authority of Northern Michigan Electric Cooperative, Inc.; Its successor, licensees, lessees, or assigns and Its and their agents and employees to enter at all times upon said premises for the purpose of constructing, repairing, removing, replacing, improving, enlarging and maintaining such cables, wires and pole structures and other supports with all necessary braces, guys and anchors thereon and suspending and supporting therefrom lines of wire, cables or other conductors, or otherwise as the need or the laws or regulations adopted by the State of Michigan may require, for the transmission of electrical energy, and also the right, at any time, to trim, remove, destroy or otherwise control all trees and brush on that strip of land particularly described hereinabove, being not more than a total of one hundred feet in width and being upon each side of (and measured at right angles to) the traverse or centerline of said 138 Kv electric transmission line or lines, also the right and privilege necessary or convenient for the full enjoyment of use thereof for the purposes above described including but not limited to, the right of ingress and egress to and from said strip and also the right to cut, trim, remove, destroy or otherwise control all trees, brush or shrubbery, upon said strip and upon and adjacent to said strip to the extent necessary to keep said trees, brush, shrubbery and the like clear of said electric transmission line or system and to cut down from time to time all dead, weak, leaning or dangerous trees that are tall enough to strike the wires when falling and otherwise comply with all safety standards or requirements deemed necessary or as

ROBERT C. KLEVORN
(P14001)
ATTORNEY AT LAW
215 SOUTH LAKE STREET
ROYNE CITY, MICHIGAN
49712
A/C 018
388-7811

LIBER 238 PAGE 445

may be required or promulgated by Michigan Statutes, regulations of the Public Service Commission or any Federal, State or local law, statute, ordinance or regulation and otherwise as may be deemed desirable by Petitioner for its sole and separate or joint use or occupancy by itself or together with any other persons, association or corporations for electrical or telephone purposes. Said easement shall be subject to the condition that no building or other structure will be placed on, under or over the easement without first obtaining the written consent of Northern Michigan Electric Cooperative, Inc., said easement to be of a continuing and permanent nature and not limited to a condition that non-use or limited use of said easement by Petitioner, Its successor or assigns shall prevent Northern Michigan Electric Cooperative, Inc., or Its successors or assigns from later making use of the easement to the full extent herein authorized and contemplated.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Petitioner shall cause a certified copy of this Order to be recorded in the Office of the Register of Deeds for Alpena County, Michigan, and recording thereof to be indexed under the names of Anthony Giorgio and Mary Ann Giorgio, and Alpena Power Company, Grantors of the interests in the parcel of land described herein, and that such recording be further indexed under the name of Northern Michigan Electric Cooperative, Inc., as Grantee of said interests in said parcel of land as notice that title to the interests in said parcel of land has vested in Petitioner, Northern Michigan Electric Cooperative, Inc.



[Handwritten Signature]

Judge of Probate

KLEVORN, DREYER & DuBOIS

BY: *[Handwritten Signature]*
 Robert C. Klevorn (P16051)
 Attorney for Petitioner
 215 South Lake Street
 Boyne City, MI 49712
 Telephone: 616 582-7911

ROBERT C. KLEVORN
 (P16051)
 ATTORNEY AT LAW
 215 SOUTH LAKE STREET
 BOYNE CITY, MICHIGAN
 49712
 A/C 616
 582-7911

LIBER 240 PAGE 73

REC-541-2789

Producer's 89 (Eastern States) Form (7-70-R) OGCs.

OIL AND GAS LEASE

THIS AGREEMENT, made as of the 3rd day of October 19 81 between William J. Lancaster and Patricia Mae Lancaster, his wife

of 4498 Long Rapids Road Alpena, Michigan 49707 herein called Lessor (whether one or more), and JEC Petroleum Corporation of 2290 Enterprise Drive Mt. Pleasant, Michigan 48858 herein called Lessee;

WITNESSETH:

1. Lessor, in consideration of One Dollar (\$1.00), and other valuable consideration, cash in hand paid, receipt and sufficiency of which is hereby acknowledged, and of the royalties and agreements of the Lessee, herein provided, hereby grants, leases and lets exclusively unto Lessee, for purposes of investigating, exploring by geophysical and other methods, prospecting, drilling and operating for and producing oil, gases (including without limitation casinghead gas, casinghead gasoline, gas condensate (distillate), hydrogen gas, helium and any other gas, whether combustible or not), liquid hydrocarbon and associated products, whether in gaseous, solid or liquid state, by any method, including, but not limited to, natural flow, acidizing, fracturing, combustion, steam cook, steam flood, water flood, oil flood, and for injection of any substance; lying, constructing and maintaining pipelines, storing oil, and building tanks, ponds, power stations, roads, electric lines, telephone lines, and other structures upon said land to produce, save, treat, process and transport any product produced or made therefrom, the following described land (herein referred to as "said land") situated in

Wilson Township Alpena County, State of Michigan to-wit:

RECORDED Township 31 North-Range 6 East ALPENA COUNTY Section 23: E 1/2 of NE 1/4 of NE 1/4 and part of SE 1/4 of NE 1/4 comm. At 1/4 post on E side of said section 23, th N 550 ft. to a point of beg.; th at right angles westerly 200 ft.; th N 1/4 to the NW cor. of NE 1/4 of SE 1/4 of NE 1/4 of section 23; th E 1/4 along 1/8th line to NE cor. of SE 1/4 of NE 1/4; th S 1/4 along section line to POB.

OCT 26 4 21 PM '81

Carole J. Janssen REGISTER OF DEEDS

said land being estimated to comprise 28 acres, whether more or less, which acreage figure may be relied upon by Lessee in calculating rental or other payments hereunder.

Notwithstanding the above specific description, it is nevertheless the intention of Lessor to include within this lease, and Lessor does hereby lease, all lands owned or claimed by Lessor up to the boundaries of any abutting landowner, together with any and all of Lessor's interest in any lands underlying lakes, streams, roads, easements and rights-of-way which cross or adjoin the said land, including all land added thereto by accretion.

Five (5)

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from the above date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products or any substance covered hereby, or any of them, are produced from said land or lands with which said land is pooled, consolidated or unitized nor during, or drilling or reworking operations are conducted thereon as herein provided, or this lease is continued in force by any other provision hereof.

3. The royalties to be paid by Lessee are: (a) on oil and other liquid hydrocarbons saved at the well, one-eighth (1/8) of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipeline to which the wells may be connected, Lessee to have the option, from time to time, to purchase royalty oil in its possession, paying Lessor for such one-eighth (1/8) royalty the market price as determined at the well for oil of like grade and gravity prevailing on the day the oil is delivered to pipeline or tanks; (b) on gas, including all substances contained in such gas, produced from said land and sold by Lessee, one-eighth (1/8) of the net proceeds received by Lessee from the sale of all gas produced and saved and sold from said land by Lessee, except that on any gas (other than gas used royalty free by Lessee as authorized by this Lease) used off the premises by Lessee or used by Lessee for the manufacture of gasoline or other products, the royalty shall be one-eighth (1/8) of the value at field market price; (c) on any substance produced, saved and sold not subject to (a) or (b), one-eighth (1/8) of the market value at the well; and (d) if at any time, either before or after the expiration of the primary term of this Lease, there is a gas well or wells on said land or on land with which all or a portion of said land is consolidated (and for the purposes of this clause (d) the term "gas well" shall include wells capable of producing natural gas, condensate, distillate or any gaseous substance and wells classified or classified as gas wells by any governmental authority) and such well or wells are shut in before or after production therefrom and this Lease is not being maintained in force under other provisions hereof, Lessee may pay or tender (within the ninety day period hereinafter provided) to the owner or owners of the royalty an advance annual royalty which is equal to the amount of delay rentals provided for in this Lease for the acreage then held under this lease by the party making such payment or tender, or, if no delay rentals are provided hereon, an amount of One Hundred Dollars (\$100.00) per well per year, and if such payment or tender is made it shall be considered under all provisions of this lease that gas is being produced from said land in paying quantities for one (1) year from the date such payment or tender is made, and in like manner subsequent advance annual royalty payments may be made or tendered and it will be considered under all provisions of this lease that gas is being produced from said land in paying quantities during any annual period for which such royalty is paid or tendered; and when there is a shut in gas well or wells on said land or land pooled, unitized or consolidated therewith, if this lease is not continued in force under some other provision hereof, it shall nevertheless continue in force for a period of ninety (90) days from the last date on which a gas well located on the leased premises is shut in, or for ninety (90) days following the date to which this lease is continued in force by some other provision hereof, as the case may be, within this ninety-day period Lessee may commence or resume the payment or tender of the advance royalty as herein provided. All such advance annual royalty payments may be paid or tendered direct to the royalty owner or owners (as shown by Lessee's records) or to such royalty owner or owners' credit in the depository bank as designated hereunder.

4. If operations for the drilling of a well for oil or gas are not commenced on said land, or lands with which all or a part of said land may be pooled, consolidated or unitized, on or before one year from the above date this Lease shall terminate as to both parties unless the Lessee shall on or before such anniversary date pay or tender to the Lessor or for the Lessor's credit in the

Bank or of its successors, which Bank and its successors are the Lessor's agent and shall continue as the depository of any and all sums payable under this Lease

regardless of changes of ownership in said land being the oil and gas or in the rentals to accrue hereunder, the sum of Dollars \$

which shall operate as a rental and cover the privilege of deferring the commencement of operations for drilling for a period of one year. In like manner and upon like payments or tenders the commencement of operations for drilling may further be deferred for like periods successively. All payments or tenders may be made by check or draft of Lessee (or any assignor thereof), mailed or delivered on or before the rental paying date, either direct to Lessor at Lessor's above specified address or to said depository bank, and depositing same in the United States mails, postage paid, shall be deemed constructive proof of payment hereunder. Notwithstanding the death of Lessor, or any successors in interest, the payment or tender of rentals in the manner above shall be binding on the heirs, devisees, executors and administrators of such persons. If Lessee shall, on or before any rental date, make a bona fide attempt to pay or deposit rental to a Lessor entitled thereto under this lease according to Lessee's records or to a Lessor who, prior to such attempted payment or deposit, has given Lessee notice, in accordance with the terms of this lease hereinafter set forth, of his right to receive rental, and if such payment or deposit shall be erroneous in any regard (whether deposited in the wrong depository, paid to persons other than the parties entitled thereto as shown by Lessee's records, in an incorrect amount, or otherwise), Lessee shall be unconditionally obligated to pay to such Lessor the rental properly payable for the rental period involved, but this lease shall be maintained in the same manner as if such erroneous rental payment or deposit had been properly made, provided that the erroneous rental payment or deposit be corrected within thirty (30) days after receipt by Lessee of written notice from such Lessor of such error accompanied by any documents and other evidence necessary to enable Lessee to make proper payment. The consideration first recited herein, the down payment, covers and only the privilege granted to the date when said first rental is payable as aforesaid, but also Lessee's option of extending that period as aforesaid, and any and all other rights reserved.

5. Lessee is hereby given the power and right, as to all or any part of said land and as to any one or more of the formations or substances thereunder, at its option and without Lessor's (and/or) further consent, at any time and as a recurring right either before or after production, to pool, consolidate and unitize said land, the lands held estate and Lessor's interests (including any interests created and/or assigned by Lessor subsequent to the date hereof) therein with the rights of any third parties, if any, in all or any part of said land and with other lands, lands, leases, leases, mineral, and royalty rights, or any of them, adjacent, adjoining or located within the vicinity of this lease, whether owned by Lessee or some other person, firm, corporation or governmental agency, so as and in order to create one or more drilling, spacing or production units in compliance with the spacing unit of any lawful authority, or when in Lessee's judgment such will promote the conservation of oil and/or gas. Lessor shall file the written unit designation for record in the county in which such unit is located, and Lessee shall have the right and power, from time to time, to modify, change or terminate any such plan or agreement. In lieu of the royalties herein provided Lessor shall receive on production from such unit only such portion of the royalties (other than shut in gas royalties) as otherwise herein specified as the amount of Lessor's acreage hereunder which is pooled in any such unit, or his royalty interest therein on an acreage basis, bears to the total acreage pooled in such unit. The term "royalty" as used in this paragraph shall also include any overriding royalties and payments out of production to which this lease may be subject. The commencement, drilling, conducting of operations, completion of production from a well on any portion of a unit created hereunder shall have the same effect upon the terms of this lease as if a well were commenced, drilled, operations conducted, completed, or

LIBER 240 PAGE 74

6. If prior to discovery of oil, liquid hydrocarbons, gas, or their respective constituent products, or any of them, on said land or on land pooled, combined or unitized therewith, Lessee should drill and abandon a dry hole or holes thereon, or if, after discovery of oil, liquid hydrocarbons, gas, or their respective constituent products, or any of them, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking of operations within ninety (90) days thereafter, or if it be within the primary term Lessee commences or resumes the payment or tender of rentals on or before the rental paying date next ensuing after the expiration of three (3) months from date of completion and abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term, oil, liquid hydrocarbons, gas, or their respective constituent products or any of them, are not being produced on said land or land consolidated therewith, but Lessee is then engaged in operations for drilling or reworking of any well or wells thereon, this lease shall remain in force so long as such operations or additional operations are commenced and prosecuted (whether on the same or successive wells) with no cessation of more than ninety (90) consecutive days, and, if they result in production, so long thereafter as oil, liquid hydrocarbons, gas, or their respective constituent products, or any of them, is produced from said land or land consolidated therewith.

7. Lessee shall have free use of oil, gas and water from said land except water from Lessor's wells, reservoirs and tanks for all operations hereunder or on lands consolidated therewith (including repressuring, pressure maintenance, cycling, injecting, waterflooding and secondary recovery operations), and any royalty otherwise payable hereunder shall be computed after deducting any so used. Lessee shall have the right at any time during or within one year after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove oil casing. Lessee shall pay for actual damages caused by its operations to growing agricultural crops on said land. No well shall be drilled within two hundred feet (200 feet) of any barn or occupied residence now on said land without Lessor's written consent. At the request of a Lessor owning an interest in the surface, any pipelines shall be placed below ordinary plow depth.

8. The rights of any party hereunder may be assigned, in whole or in part, but no change or division in ownership of the land, rentals or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee. Notwithstanding any actual or constructive knowledge of or notice to Lessee, no such change or division in the ownership of the land, rentals or royalties shall be binding upon Lessee for any purpose until sixty (60) days after such person acquiring any interest has furnished Lessee with the original recorded instrument or instruments, or a certified copy, or a reproduced copy of the original recorded instrument or instruments acceptable to Lessee, constituting his chain of title from the original Lessor. In the event of an assignment of this lease as to a divided portion of said land, the rentals and/or advances annual royalty payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of any other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge assignor of any obligations hereunder as to the assigned acreage, and if Lessee or assignee or parts thereof shall fail or make default in the payment of the proportionate part of the rentals due from such Lessee or assignee, or fail to comply with any other provision of the lease, such default shall not affect this lease insofar as it covers a part of said land upon which Lessee or any assignee (hereinafter) make payment of said rentals.

9. When drilling, producing or other operations are delayed or interrupted as a result of any cause whatsoever beyond the control of the Lessee, the time of such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State laws, executive orders, rules or regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

10. Lessor hereby warrants and agrees to defend the title to said land, each party Lessor hereby releasing and waiving all rights of and under any homestead, dower and/or other exemption laws, and agrees that Lessee, at its option, may pay and discharge any tax, mortgage, contract for deed, or other lien or encumbrance upon said land, and in the event Lessee does so, Lessee shall be subrogated to all rights and liens pertaining thereto with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of Lessee's rights under the warranty in the event of failure of title, it is agreed that if Lessee or owns an interest in said land less than the entire fee simple estate (and whether or not such interest is recited herein), then the royalties and rentals to be paid Lessor shall be reduced proportionately. In the event of production hereunder Lessor agrees to execute a division order setting forth his interest therein. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby, but Lessee shall not suffer any forfeiture nor incur any liability to Lessor by reason thereof.

11. Lessee, and Lessee's successors and assigns, shall have the right at any time to surrender this lease, in whole or in part, to Lessor, or Lessor's heirs or successors, and assigns, by delivering or mailing a release thereof to the Lessor, or by filing a release thereof of record in the county in which said land is situated; thereupon, Lessee shall be relieved from all obligations, express or implied, of this agreement as to the acreage so surrendered, and thereafter the rentals or shut-in payments payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, either express or implied, before or after production has been secured, Lessor shall notify Lessee in writing setting out specifically the alleged facts relied upon as constituting a breach thereof, and Lessee, if in default, shall have sixty (60) days after receipt of such notice in which to meet or commence to meet all of any part of the breaches alleged by Lessor. The service of said notice shall be a condition precedent to the bringing of any action by Lessor on this lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee. The service of such notice or the performance of any acts by Lessee aimed to meet all or any of the alleged breaches shall not be deemed an admission that Lessee has failed to perform any or all of its obligations. If any implied obligations should require the drilling of a well or wells, Lessee shall have sixty (60) days after ultimate judicial ascertainment of the existence of such obligation in which to begin the drilling of such well or wells. The judgment of the Lessee when exercised in good faith in carrying out the purposes of the lease shall be conclusive.

12. The provisions of this lease shall be construed as covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns. Should any one or more of the parties named above as Lessor fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same. This lease may be executed in counterpart and any such counterpart shall be binding upon the party executing same from and after such execution.

IN WITNESS WHEREOF, this lease is executed as of the day and year above written.

WITNESSES
Tommy Halmon
Tommy Halmontaller
Shirley Woods
Shirley Woods

William J. Lancaster
William J. Lancaster
Patricia Mae Lancaster
Patricia Mae Lancaster

STATE OF Michigan
COUNTY OF Alpena } SS.

ACKNOWLEDGEMENT TO THE LEASE

On this 3rd day of October, 19 81 A.D., before me, the undersigned, a Notary Public in and for said County, in the State aforesaid, personally appeared William J. Lancaster and Patricia Mae Lancaster, his wife

to me known as the same person 3, described in and who executed the foregoing instrument and acknowledged that I have had executed the same as their free act and deed for the uses and purposes therein set forth.

TOMMY HALMONTALLER
Notary Public, Ingham Co., MI
My Commission Expires June 12 1985

Tommy Halmon
Notary Public INGHAM County.

My Commission Expires 6-12, 1985 Acting In ALPENa County MICHIGAN

STATE OF _____
COUNTY OF _____ } SS.

CORPORATION ACKNOWLEDGEMENT

On this _____ day of _____, 19 _____, before me, a Notary Public in and for said County, personally appeared _____ (to me personally known, who being by me duly sworn,

do say that _____ is/are a _____ of the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and said _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public _____ County.

My Commission Expires _____ 19 _____ Acting In _____

Tommy Halmontaller a/o John M. Halton KRSG Notary of Michigan MI 49702