

Filed with
LEASE Agreement

after inspection

Date: _____

Harriman Utility Board
01 Customer Service

W/O#: 65754-0

Account#: 00-0000-00

Read Seq: 5678

26.0528

Service Address
MILLER PRETROLEUM INC
111 BUTLER LN
HARRIMAN TN 000037748

	Remv'd	Instl'd	Transf	Mtr Chg
Electric				
Sec Light				
Gas				
Water				

Telephone# . . : 423/663-9457

Entered Date . : 9/23/05 9:49:55

Entered by : TK

Printed Date . : 9/23/05 9:50:00

Wanted Date . : 9/23/05

Security Lamps? (_____ @100 _____ @200 _____ @175 _____ @400)

_____ 25' Poles
_____ 30' Poles
_____ 35' Poles

New Service _____ New Cut-In _____ New Tap _____ Type _____ Phase _____

Demand Reads _____ Seal# _____ Wires _____ Amps _____

Comments . . . : PD ELEC DEP 100.00 & 20.00 SER FEE
GO S1 GO TO BLAIR RD RIGHT GO TO OLD HARRIMAN
HWY GO BUTLER LANE WHITE HOUSE ON LEFT ONLY WHITE
HOUSE AWAY FROM RD
PUMP JACK FOR OIL WELL

T	Meter#	Reading	Dial	Serial#	Class	Size	Constant
	12958	11250	S	18-726-694			

Sewer? _____

Date: 11-2-05

Time: _____

Worked by: #9

Code Description

Qty

***** MOVE-IN *****

302 Add Electric Service

Remarks: _____ CL 2 Reading: _____

_____ G.P.M.: _____

_____ Main Size: _____

_____ Tap Size: _____

Oil and Gas Lease

This Agreement, made the 4th day of September, 2003, by and between Eula Butler, a single woman, whose address is 111 Butler Ln., Harriman, TN 37748

party of the first part, hereinafter called the Lessor, and North Coast Energy Eastern, Inc., a Delaware corporation, having a mailing address of Post Office Box 8, Ravenswood, West Virginia 26164, party of the second part, hereinafter called the Lessee.

Witnesseth: That for and in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the Lessor and Lessee agree as follows:

LEASING CLAUSE: Lessor hereby leases exclusively to Lessee all the Oil and Gas and their constituents, whether hydrocarbon or non-hydrocarbon, underlying the land herein leased, together with such exclusive rights as may be necessary or convenient for Lessee, at its election, to explore for, develop, produce, measure, and market production from the Leasehold, and from adjoining lands, using methods and techniques which are not restricted to current technology, including the right to conduct geophysical and other exploratory tests; to drill, maintain, operate, cease to operate, plug, abandon, and remove wells, to use or install roads, electric power and telephone facilities, and to construct pipelines, with appurtenant facilities, including data acquisition, compression and collection facilities for use in the production and transportation of products from the Leasehold and from neighboring lands across the Leasehold, and such rights shall survive the term of this agreement for so long thereafter as operations are continued; to use oil, gas and non-domestic water sources, free of cost, to store gas of any kind underground, regardless of the source thereof, including the injection of gas therein and removing the same therefrom; to protect stored gas, to operate, maintain, repair and remove material and equipment. The premises or tract of land is situated in 2nd District, Roane County, Tennessee, and bounded and described substantially, now or formerly, as follows:

On the North by lands of	Stuart Butler
On the East by lands of	Gayle Moore
On the South by lands of	Butler Lane
On the West by lands of	Blair Road

containing 27.60 acres, more or less, and being the same land conveyed to the Lessor by W. A. Ray dated July 21, 1952 and recorded in the records of Roane County, in Deed Book E7, at Page 288, reserving therefrom 200 feet from the buildings now on said land on which no wells shall be drilled by either party except by mutual consent. Lessee reserves 200' around each well bore for operational purposes.

It is agreed that this lease shall remain in force for the term of Five(5) years from this date and as long thereafter as the lessee is engaged in the production of or search for oil and gas, or either of them, on the leases premises.

IN CONSIDERATION OF THE FOREGOING the said Lessee covenants and agrees:

First: To deliver to the credit of the Lessor, free of cost, in the pipeline or tanks to which the wells of the Lessee may be connected, as royalty the equal one-eighth part of all oil and natural gasoline produced, saved and transported from the leased premises; or, at the Lessee's option to pay to the Lessor an amount equal to the market price at the well of such one-eighth royalty, based on the market price of oil and natural gasoline of like grade and gravity prevailing on the date such oil and natural gasoline is run into the pipeline or into storage tanks.

Second: To pay to the Lessor one-eighth of the prevailing field price, at the well, for the gas and other hydrocarbons (except coal) which are produced, marketed and used off the premises from each and every gas well drilled on said premises. Lessor shall pay a proportionate part of all ad valorem, excise, occupation, depletion, privilege, license, severance, processing, production or other taxes now or hereafter levied or assessed or charged on the oil and or gas produced from the land.

Third: Upon approval of Lessor's request for free gas and the execution of a Consumer Gas Agreement, the Lessor may use gas for heating and lighting the inside of one dwelling house, situate on the leased premises, from any one well thereon producing more gas than is necessary for the operation of this lease, provided the Lessor uses the same without waste, and furnishes and uses, at his own cost and risk, economical lighting and heating appliances. Lessor's use of gas under this clause shall be limited to 200,000 cubic feet per annum. All gas used in excess of 200,000 cubic feet per year, shall be paid for by the user thereof, at a rate equal to the then current published rate, for gas utility, for the town nearest the premises above described. The use by Lessor (or the use by any other party with the permission of Lessor) of gas pursuant to the foregoing provisions shall constitute an agreement by Lessor (and such other user) to indemnify and save Lessee harmless from all claims and demands for personal injury (including death) and for property damages incurring in any way and to all persons and property from the use of said gas, Lessee's facilities and all other facilities used or attempted to be used for such purposes.

Fourth: To pay for damages done to growing crops occasioned by the location and drilling of any well or wells.

Fifth: To pay Lessor as Delay Rental at the rate of Two Dollars (\$2.00) dollars per net mineral acre per year payable annually in advance, beginning on September 4, 2004, and continuing thereafter until the commencement of Royalty payments. Delay Rental paid for time beyond the commencement date of Royalty payments shall be credited upon the Royalty payment.

If a well capable of producing gas in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut-in and no gas or gas-condensate therefrom is sold or used off the premises or the manufacture of gasoline or other products, nevertheless such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and the lease will continue in force during all of the time or times while such well is so shut-in, whether before or after expiration of the primary term hereof. Lessee shall use reasonable diligence to utilize gas or gas and gas-condensate capable of being produced from such shut-in well and shall be under no obligation to market such products under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to lessor within 45 days after the expiration of each period one year length (annual period) during which such well is so shut-in, as royalty, an amount equal to the annual delay rental herein provided applicable to the interest of lessor in acreage embraced in this lease as of the end of such annual period, or, if this lease does not provide for any delay rental, then sum of \$50.00; provided that, if gas or gas condensate from such well is sold or used as aforesaid before the end of any such annual period, lessee shall not obligated to pay or tender, for that particular annual period, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered to lessor or to lessee's credit in depository bank designated. Royalty ownership as of the last day of each such annual period as shown by lessee's records shall govern the determination of the party or parties entitled to receive such payment.

DAVID WRIGHT
(865) 617-0227

Sixth: Lessee at its option may combine the above property, or any part thereof, with other tracts of land (leased or owned by Lessee) for a drilling unit of not more than one hundred sixty acres, plus 10% acreage tolerance, on which unit one or more wells may be drilled above the top of the Trenton, and not more than three hundred twenty acres, plus 10 % acreage tolerance, on which one or more wells may be drilled below the Trenton. The Lessee, alone or with other Lessees, may form any pool or unit by executing, acknowledging and filing same in the records of the county in which the pooled or unitized land is located a declaration of such pooling or unitizing, identifying and describing the pooled or unitized area. A copy of the declaration shall be mailed to the Lessor. Such pooling or unitizing shall be effective on and after the date of the declaration. If a well drilled on the pooled or unitized area is productive, all royalties payable hereunder shall be prorated in the direct proportion that the unitized portion of the acreage of the premises covered by this lease bears to the total acreage in said unit. Lessor agrees to give free right of way for all production and service lines of Lessee. The commencement of operations for the drilling of a well on any premises included in each unit or production of oil and gas at any location on said unit shall have the same force and effect as drilling operations being conducted or production obtained from the leased premises for the purpose of extending the term of this lease, the payment of royalties hereunder and for all other purposes, excepting paragraph Third, to the same extent as if operations were commenced or production were obtained from the leased premises. During the time any portion of the above described land is subject to and bound by declaration of pooling or unitizing, the Lessee shall continue to pay to the Lessor a rental on a pro-rata basis per annum for the remaining acreage in that part of said land not subject to pooling or unitizing until a well is completed on said remaining acreage or said acreage is pooled or unitized or surrendered under terms hereof. At any time the pooled or unitized area is not being operated in search for or production of said minerals, the Lessee, or Lessees, creating the pool or unit, may surrender or cancel the declaration of pooling or unitizing in the same manner by which said lease may be surrendered under the terms hereof.

This lease may be unitized or pooled in accordance with the foregoing provisions with respect to any one or more stratas of the land, and, in such event, the unit or pool shall apply only to the strata or stratas so specified.

Seventh: If Lessors are not the owners of the full fee estate of oil, gas and other hydrocarbons (except coal) in an underlying the leased premises, then all rental and royalty payments provided for herein (which are based upon such full ownership) shall be reduced and paid pro rata to the same extent the Lessor's ownership is less than the full fee ownership.

Eighth: All payments under this lease shall be made direct to the Lessor, or by check mailed to _____ same address as above _____

Ninth: Lessee may surrender and cancel this Lease as to all or any part of the Leasehold by recording a Surrender of Lease, and if a partial surrender, the Delay Rental shall be reduced in proportion to the acreage surrendered.

Tenth: It is agreed that the terms and conditions herein contained shall be binding upon the heirs, successors or assigns of the parties hereto.

Eleventh: In the event of a disagreement between Lessor and Lessee concerning this lease, performance thereunder, or damages caused by Lessee's operations, settlement shall be determined by a panel of three disinterested arbitrators. Lessor and Lessee shall appoint and pay the fee of one each, and the two so appointed shall appoint the third, whose fee shall be borne equally by Lessor and Lessee. The award shall be by unanimous decision of the arbitrators and shall be final.

WITNESS the following signatures and seals:

_____(seal) Eula Butler _____(seal)
Eula Butler
_____(seal) _____(seal)

ACKNOWLEDGEMENT

STATE OF Tennessee, COUNTY OF ROANE ss.

Personally appeared before me, Eula Butler, a Notary Public in and for said County

and State the within named bargainors, with whom I am personally acquainted, and who acknowledged that She executed the within instrument for the purposes therein contained.

Witness my hand and official seal at Harrison Tennessee, this 4 day of Sept, 2003

My Commission Expires 15 day of Feb, 2006



BK/PG: 1021/365-366

03053747

2 PGS : AL - LEASE	
DENISE BATCH: 3694	
09/12/2003 - 11:30 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	10.00
OF FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	12.00

STATE OF TENNESSEE, ROANE COUNTY

MARLENE HENRY
REGISTER OF DEEDS

This instrument was prepared by:
North Coast Energy Eastern, Inc.
Post Office Box 8
Ravenswood, WV 26164