

NATURAL GAS LEASE AND ROYALTY AGREEMENT

This Natural Gas Lease and Royalty Agreement (the "Agreement") is entered into this _____ day of _____, 20_____, by and between:

LESSOR: _____

Residing at: _____

LESSEE: _____

With a principal place of business at: _____

1. DESCRIPTION OF LEASED PREMISES

For and in consideration of the mutual covenants, royalties, and agreements herein contained, Lessor hereby grants, leases, and lets exclusively to Lessee, for the sole purpose of exploring, drilling, operating, producing, and storing natural gas, all that certain tract of land situated in the County of _____, State of _____, described as follows:

Tax Map/Parcel ID: _____

Containing _____ acres, more or less (the "Leased Premises").

2. TERM OF AGREEMENT

This Lease shall remain in force for a primary term of _____ (_____) years from the date hereof (the "Primary Term"), and as long thereafter as natural gas is produced in paying quantities from the Leased Premises, or operations for drilling are actively prosecuted as herein provided.

3. ROYALTY

Lessee shall pay to Lessor as a royalty for all natural gas produced and marketed from the Leased Premises a sum equal to _____ percent (_____) of the gross proceeds realized by Lessee at the wellhead from the sale of such gas. Royalty payments shall be paid monthly on or before the _____ day of each calendar month for gas produced during the preceding month.

4. SHUT-IN ROYALTY

If a well capable of producing natural gas is completed on the Leased Premises but is shut-in for lack of a market or transportation facilities, Lessee may pay as a shut-in royalty the sum of _____ Dollars (\$_____) per acre annually. During the period such shut-in royalty is paid, it shall be considered that gas is being produced in paying quantities for the purpose of maintaining this Lease.

5. OPERATIONS AND DAMAGE

Lessee agrees to conduct all operations in a workmanlike manner and in accordance with industry standards. Lessee shall pay for all damages to crops, timber, fences, water wells, and improvements caused by its operations on the Leased Premises. No well shall be drilled within _____ feet of any barn or dwelling now on said premises without the written consent of the Lessor.

6. WARRANT OF TITLE

Lessor hereby warrants and agrees to defend the title to the Leased Premises and agrees that Lessee, at its option, may discharge any mortgage, tax, or other lien upon the Leased Premises, and in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same.

7. GOVERNING LAW

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

LESSOR:

LESSEE:

Signature

Signature

Printed Name

Printed Name / Title

STATE OF _____

COUNTY OF _____

On this _____ day of _____, 20_____, before me, the undersigned notary public, personally appeared _____, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that they executed the same for the purposes therein contained.

Notary Public Signature

My Commission Expires: _____