

WENDELL A. FUNKHOUSER ET UX

TO

COLUMBIA GAS TRANSMISSION CORPORATION

WEST VIRGINIA

LEASE AGREEMENT

This Lease, made the 16th day of May, 2001, between
Wendell A. Funkhouser and Mary Susan Funkhouser, his wife,
Address: Route 1, Box 144

Baker, West Virginia 26801

(hereafter "Lessor"), and **COLUMBIA GAS TRANSMISSION
CORPORATION**, 1700 MacCorkle Avenue SE, Post Office Box 1273,
Charleston, WV 25325-1273 (hereafter "Columbia"),

WITNESSETH:

LEASING CLAUSE. Lessor hereby grants to Columbia, insofar as Lessor has the right to do so, all oil and gas in and underlying the Leasehold, hereinafter described in the DESCRIPTION OF LEASEHOLD clause, together with the exclusive right at all times to enter thereon and drill for, produce and market oil and gas, the right to store gas in all strata underlying said Leasehold (sometimes referred to as "storage zone"), the right to inject or withdraw gas in all such strata, regardless of the source thereof, by pumping or otherwise, through wells either on the hereinafter described Leasehold or any adjoining townships or districts, or on other lands in the same gas storage field, the right to possess, use and occupy so much of the Leasehold as is necessary and convenient for the purposes herein specified, and the right to protect gas stored in the gas storage field of which the Leasehold is a part, for the term hereinafter described in the TERM clause. The phrase "gas storage field" is defined for the purposes of this Lease to not only the area of the reservoir in which gas is stored, but also the protective area designated by Columbia around the storage reservoir according to applicable laws or regulations or according to Columbia's general practices relating to underground gas storage.

OPERATING RIGHTS. For the exercise of Columbia's rights under the LEASING clause, Lessor also grants to Columbia, insofar as Lessor has the right to do so, such rights and privileges as may be necessary or convenient for carrying on any oil and gas production, storage or marketing operations either, on the Leasehold alone or conjointly with other lands, including, but not limited to, the right to drill, redrill, rework, reuse, plug and replug wells, whether now existing or new, active or abandoned, to construct, maintain, operate and remove pipelines with appurtenant facilities; to use sufficient water available from the Leasehold, free of cost for gas storage operations on the Leasehold; and either during or within a reasonable period after the term stated in TERM clause, to remove any facilities which Columbia has installed on the Leasehold.

DESCRIPTION OF LEASEHOLD. That certain tract or parcel of land containing 94.25 acres, more or less, located in Lost River District/Township, Hardy County, State of West Virginia, as more particularly described in that certain deed dated from Katherine M. Henry to Wendel A. Funkhouser, and recorded in the Land records of said County in Deed/Liber/Volume 231;246 at page 279;87, and incorporated herein by reference for a more particular description.

Property tax or permanent parcel identification number: **Tax Map#348, Parcel#7.**

Landowner's title source reference: Book/Liber/Volume/Will _____ at page _____, or by intestate succession from _____.

TERM. This Lease shall remain in force for a term of 20 years from **July 10, 2001** (hereafter "Effective Date"), and so long thereafter as the Leasehold is used by Columbia as defined in the LEASING clause.

PAYMENTS TO LESSOR. In consideration of the premises, Columbia covenants and agrees to pay to Lessor as follows:

(1) Oil Royalty: Columbia will deliver to the owner(s) of the oil, free of cost, in the pipeline to which Columbia may connect its wells, a royalty of the equal one-eighth (1/8th) part of all oil produced and saved from the leased premises.

(2) Gas Royalty: With the exception of gas removed from a stratum in which Columbia proposes to store gas, as provided for in the LEASING clause, Columbia will pay to the owner(s) of the gas their proportionate part of one-eighth (1/8th) of the wholesale market value for all gas produced and marketed from the Leasehold, at the well, based upon the usual price paid therefor in the general locality of said Leasehold, payable annually, such payments to begin ninety days after completion of each well.

(3) Storage Acreage Rental: To pay Lessor, during the terms of this Lease, Lessor's proportionate share of an annual storage rental of ***** **Three Hundred Seventy-seven & NO/100 ***** Dollars (\$377.00)**, at the rate of four Dollars (\$4) per acre per year, payable annually in advance beginning on the Effective Date stated in the TERM clause. Lessor hereby acknowledges receipt of original consideration payment. Such storage acreage rental payments shall be adjusted as provided in paragraph 4 of this clause by reason of the Gas Storage Well Royalty payments; provided that in no event shall the payments to Lessor be an amount less than Lessor's proportionate share of the sum of four Dollars (\$4) per acre per year. If the last well on the Leasehold is plugged and abandoned, but the Leasehold or any part thereof continues to lie within a gas storage field owned and operated by Columbia, then storage acreage rental on the total acreage shall again accrue under this paragraph beginning on the first day of the first calendar month after the plugging and abandonment of the last

account number _____

with the

(name of financial institution)

(address of financial institution)

- (d) Columbia shall not be obligated to change payees, addresses, or banks or depositaries specified above or at any time in the future until the receipt of documentation satisfactory to Columbia of the property of the proposed change.

SETBACK OF WELLS FROM BUILDINGS. Columbia shall not drill a new well within 300 feet of any then existing dwelling house, barn or garage. Lessor shall not erect, place, or permit to be placed any objects within 300 feet of any well.

OUTSTANDING INTERESTS. If Columbia receives evidence that Lessor does not have title to all or any part of the rights herein leased, Columbia may immediately withhold all or any part of payments that would be otherwise due and payable hereunder to Lessor until the adverse claim is fully resolved. If Lessor does not have title to all or any part of the rights or interest for which Lessor has previously received payments hereunder, Lessor shall refund to Columbia whatever is proportional to the outstanding title, unless Columbia agrees to deduct the money from future payments due Lessor, without prejudice to Columbia's right to recovery by any other lawful means.

LIENS. Columbia may, at its option, pay and discharge any past due taxes, mortgages, judgments, or other liens and encumbrances on or against any land or interest included in the Leasehold; and, if Columbia exercises this option, it shall be entitled to recover from the debtor, with legal interest and cost, by deduction from any future payments to Lessor or by any other lawful means.

PARTIAL INTERESTS. Should any one or more of the persons named as Lessor fail to execute this Lease, the Lease shall nevertheless be binding upon all persons who do execute the Lease as Lessor.

CHANGE IN LAND OWNERSHIP. Columbia shall not be bound by any change in the ownership of the Leasehold until furnished with such documentation as Columbia may reasonably require. Pending the receipt of documentation, Columbia may elect either to continue to make or withhold

well, and continuing as provided in the TERM clause; but the rental for the partial year shall be due and payable on the date that the next annual payment is due.

(4) Gas Storage Well Royalty: To pay Lessor, annually, Lessor's proportionate part of a gas storage well royalty of Three Hundred Dollars (\$300.00) per well per year for each well on the Leasehold while the well is used for gas storage purposes, which gas storage well royalty shall be paid in lieu of and to replace 75 acres per well of the Storage Acreage Rental payments that would be due, but for this paragraph 4. If a storage well is added after the date of this Lease, whether by drilling a new well, converting a production well, or redrilling a plugged well, the royalty on the added storage well for the partial year shall accrue from the date the well is completed for use as a gas storage well; but the royalty for the partial year shall be due and payable on the date that the next annual payment is due.

(5) Damage Payments: Arbitration: Columbia agrees to pay Lessor for any damage to fences, timber, crops, etc. caused by any operation carried on under this Lease. If the amount payable under this paragraph 5 cannot be mutually agreed upon, it shall be determined by a panel of three (3) disinterested arbitrators. Lessor and Columbia shall appoint one each, and the two so appointed shall appoint the third. The award shall be by unanimous decision and shall be final.

(6) Manner of Payment: Columbia shall make or tender all payments due hereunder either (a) direct to Lessor by check made payable to:

Wendel A. Funkhouser and/or Mary Susan Funkhouser, his wife

At Route 1, Box 144
Baker, West Virginia 26801

or (b) if Lessor consists of two (2) or more persons, by check made payable to

at _____

who is hereby appointed Lessor's agent to receive and disburse such payments, or (c) by deposit to the credit of Lessor or Lessor's agent, in an account in the

name(s) of _____

payments as if such a change had not occurred. If any succession results in more than one person owning the entire Lessor's interest, Columbia may withhold payments until furnished with a recordable instrument executed by all such persons designating one agent to receive payment for all.

COVENANTS. All express or implied covenants of this Lease shall be subject to all Federal, State and local laws, executive orders, rules or regulations; and this Lease shall not be terminated, in whole or in part, nor Columbia held liable for any damages nor forfeit any rights given by this Lease, due to failure to comply with any obligations under this Lease, if compliance is prevented by any such law, order, rule or regulation, whether valid or invalid.

LIMITATION OF FORFEITURE. This Lease shall never be subject to a civil action or other proceeding to enforce a claim of forfeiture due to Columbia's alleged failure to make or tender any proper payment or to perform any other obligation hereunder, unless Columbia has received written notice of Lessor's demand and thereafter fails or refuses to satisfy Lessor's demand within 30 days from the receipt of the notice.

SURRENDER. Columbia shall have the right to surrender and cancel this Lease as to all or any part of the Leasehold by recording a surrender or partial surrender of this Lease, which shall be a full and legal cancellation of this Lease as to all of the Leasehold or such part as the surrender document indicates, and a cancellation of all future liabilities of all parties hereto relating in any way to the portion or all of the Leasehold indicated on the surrender document. In the event of a partial surrender, the acreage rentals set out in the PAYMENTS clause shall be reduced in the proportion to the acreage surrendered.

ENTIRE CONTRACT. The entire agreement between Lessor and Columbia is embodied herein. No oral warranties, representations or promises have been made or relied upon by either party as an inducement to or modification of this Lease.

PRIOR LEASE. As between Lessor and Columbia, this Lease replaces that certain other oil and gas lease and all extensions and modifications thereto, between: **Wendel A. Funkhouser and Mary Susan Funkhouser, his wife**, as Lessor and COLUMBIA GAS TRANSMISSION CORPORATION, as Lessee, dated **July 10, 1996**, of record in the **Hardy** County Clerk's/Recorder's Office in Book/Liber/Volume **239**, page **688**.

SUCCESSORS. All rights and duties under this Lease benefit and bind Lessor and Columbia and their heirs, successors and assigns.

WITNESS the following signature(s) and seal(s).

WITNESS:

LESSOR:

Wendell A. Funkhouser
Soc. Sec. No. 233-66-5433
Margie Johnson
Soc. Sec. No. 212-54-6271

Soc. Sec. No. _____

Soc. Sec. No. _____

AFFIDAVIT OF EXECUTING WITNESS

STATE OF _____,
COUNTY OF _____, SS:

I, _____, do solemnly swear under the penalty of perjury, that _____

_____ personally known to me, ha__ executed the within Lease in my presence, and ha__ acknowledged to me that __he__ executed the same for the purposes therein stated and requested that I sign my name on the within document as an executing witness.

Subscribed and sworn before me this _____ day of _____, 20 _____

My commission expires: _____

Notary Public

STATE OF West Virginia,
COUNTY OF Hardy