

Agreement for the Release of Oil and Gas Lease

This Agreement for the Release of Lease (“**Agreement**”) is entered into on this

_____ day of _____, 20____,

by and between the Norton City School District Board of Education (the “**Board**”), Transcontinental No. 11, Ltd., an Ohio limited partnership (“**Transco 11**”), and the general partner of Transco 11, specifically being Transcontinental Oil & Gas, Inc. (“**Transcontinental**”). For reference, Transco 11 and Transcontinental, together with their officers, directors, partners, employees, agents, and representatives, are sometimes collectively referred to herein as the “**Transco Group**.”

Recitals

1. Transco 11 as Current Lessee. Transco 11 is the Lessee under an Oil and Gas Lease described in Summit County, Ohio, Official Record 1910, beginning on page 817, concerning property situated on Lot 35 in the City of Norton, Ohio, containing 9.9092 acres (the “**Lease**”).
2. Board as Lessor. Pursuant to a General Warranty Deed, signed October 18, 2012, and on file in the Summit County, Ohio, Recorder’s Office, the Board legally possesses all right, title, and interest in and to the property which is subject to the Lease, and is, therefore, the Lessor under the Lease.
3. Well on Lease Site. There is presently a functioning and operating oil and gas well on the Lease, specifically being that well commonly known as the Milkovich # 1 Well (the “**Well**”).
4. Transco 11 Willing to Sell. The Transco Group are willing to release, relinquish, and surrender all right, title, and interest in and to the Lease and the Well in exchange for all of the following:
 - a. \$50,000 Payment. A payment from the Board in the sum of Fifty Thousand Dollars (\$50,000.00) (said payment referred to as the “**Agreed Cash Sum**”);
 - b. Board New Owners of Record, etc. The Board becoming the **official owners of record** of the Lease and the Well for all regulatory purposes under Ohio law; and,
 - c. Board Assume Sole Liability. The Board assuming **sole and exclusive liability** and responsibility for each and all of the following:

- i. Operations, Plugging, Abandoning, etc. Operating, producing, plugging, abandoning, shutting in, or discontinuing the Well and/or any oil and gas operations on the Lease;
 - ii. Reclaiming, etc. Reclaiming and/or restoring the Lease and the Well site, including but not limited to the surface area related thereto; and,
 - iii. Complying with Applicable Rules, etc. Otherwise complying with any and all laws, rules, and regulations related and/or applicable to: i.) The Lease; ii.) The Well; iii.) Oil and gas operations of or by the Well or on the Lease or the total or partial cessation thereof; and/or, iv.) The continuance or discontinuance of oil and gas exploration or production activities on, in, and under the Lease or otherwise involving the Lease or the Well. Without limiting the generality of the foregoing, said laws, rules, and regulations shall include, but not be limited to, any applicable rules and regulations imposed by the State of Ohio, the Ohio Department of Natural Resources (“ODNR”), and/or ODNR’s Division of Oil & Gas (“DOG”).
5. Board Willing to Buy, etc. The Board wishes to acquire all rights, title, and interests in and to the Lease and the Well in exchange for the Board: i.) Paying Transco 11 the Agreed Cash Sum; ii.) Becoming the official owners of record of the Lease and the Well for all regulatory purposes under Ohio law; and, iii.) Assuming sole and exclusive liability for those items and/or activities described in and/or contemplated above, including but not limited to those items and/or activities set forth in ¶ 4(c), above. Further, as part of the transaction contemplated herein:
 - a. Board Will Comply with Regulations. The Board is willing to comply with all laws, rules, and regulations applicable to the owner and operator of an oil and gas lease and/or oil and gas well situated in the State of Ohio. Without limiting the generality of the foregoing, the Board is willing to provide, acquire, and/or maintain, as applicable, the following:
 - i. Required Insurance. Any form of liability insurance, property and casualty insurance, or other insurance that ODNR and/or DOG might require of the Board as a result of, or as part of, the Board becoming operator of record or owner of the Lease and Well.
 - b. No Objection to Return of Security to Transco 11, et al. The Board has no objection to the Transco Group recovering, or receiving the return of, any cash, bond, or other security or collateral posted or provided by the Transco Group as part of their acquisition, exploration, development, permitting, drilling, or operating of the Lease or Well. Without limiting the generality of the foregoing, the Board has no objection to the Transco Group recovering, or receiving the return of, that certain certificate of deposit (the “CD”) that the Transco Group provided to the City of Norton in connection with the permitting, drilling, development, and/or operating of the Lease and/or Well.

6. Intent to Plug and Abandon after Purchasing. The Board intends to plug and abandon the Well, or to cause or arrange for such plugging and abandonment, as soon as is reasonably practicable after the date hereof.

Now, Therefore, in consideration of the promises and mutual agreements contained herein, the parties hereby agree as follows:

Representations and Warranties

7. Representations by Transcontinental Parties. The following representations, warranties, and covenants are hereby made by Transco 11 and Transcontinental, as applicable:
 - a. Transco 11 Representations, etc. Except as set forth in sub-paragraph (c) of this paragraph, Transco 11: i.) Has not wholly or partially assigned, sold, or otherwise transferred its interests in the Lease or Well to any other party; and, ii.) Has authorized Transcontinental to enter this agreement on behalf of Transco 11, with such authorization being granted in the Transco 11 partnership agreement, by approval of the Transco 11 partners, or otherwise.
 - b. Transcontinental Representations, etc. Transcontinental: i.) Is authorized to act on behalf of Transco 11; and, ii.) Has full authority to enter, and hereby does enter, this Agreement on behalf of both Transcontinental and Transco 11.
 - c. Transcontinental Overriding Royalty Interest. Transcontinental has previously acquired an overriding royalty interest (“**ORRI**”) in and to the Lease and/or Well. However, Transcontinental acknowledges that the ORRI will have no value if and when the Well is plugged and abandoned, or when production from or operations on the Well or Lease are discontinued, or when the Well is otherwise shut in. Transcontinental hereby waives any objection to, and hereby accepts without any need for any further consideration or recompense, any such plugging, abandoning, discontinuance, or shutting in.
8. Representation by Board. The Board hereby represents, warrants, and covenants as follows:
 - a. Regulatory Filings by Board. The Board has filed or promptly hereafter will file the following papers, documents, or forms (collectively the “**Regulatory Filings**”) with the State of Ohio, ODNR, DOG, and/or any and all other applicable or relevant agencies, agents, officers, or departments of the State of Ohio:
 - i. Remove Transco Group. Any and all Regulatory Filings needed to officially remove each and every member of the Transco Group as the official operators and/or owners of record of the Lease and the Well for all regulatory purposes under Ohio law.

- ii. Install Board. Any and all Regulatory Filings needed to officially designate, name, and identify the Board as the official owners of record the Lease and the Well for all regulatory purposes under Ohio law.
- b. Payment of Fees. The Board has paid, or promptly will pay, any and all filing fees or similar payments that may be required by the State of Ohio, ODNR, DOG, and/or any other applicable or relevant agencies, agents, officers, or departments of the State of Ohio in connection with the Regulatory Filings.
- c. ODNR Forms 7 and 9. Without limiting the generality of the foregoing, the Regulatory Filings that the Board has submitted, or promptly hereafter will submit, include but are not limited to the following forms promulgated by ODNR:
 - i. **ODNR Form 7** (a/k/a “**Request for Change of Owner**”).
 - ii. **ODNR Form 9** (a/k/a “**Authority & Organization Form**”).

Copies of Forms 7 and 9 are attached hereto as **Exhibits 1 – 2**, respectively.

- d. Acceptance of Regulatory Filings, etc. The State of Ohio, ODNR, DOG, and/or any and all other applicable or relevant agencies, agents, officers, or departments of the State of Ohio either: i.) Have accepted the Regulatory Filings, and have designated, named, and identified the Board as the official owners of record the Lease and the Well for all regulatory purposes under Ohio law; or, alternatively, ii.) The Board reasonably expects such acceptance, designation, naming, and identification to occur promptly hereafter.

Basic Terms

- 9. Contingent Permission to File Release of Lease. The Board may submit to the Summit County Recorder’s Office a **Release of Lease** upon the happening of all of the following: i.) The filing and acceptance of all Regulatory Filings and the payment of all related filing fees, as described in or contemplated by ¶ 8, above; ii.) The execution of this Agreement by all parties hereto; and, iii.) The Board paying and delivering to Transcontinental (in its capacity as general partner of Transco 11) the Agreed Cash Sum. Subject to the Board complying with all other obligations imposed on them by this Agreement, the parties hereto contemplate that the Release of Lease shall fully and finally release, relinquish, and surrender all of Transco 11’s right, title, and interest in and to the Lease and Well, effective as of the date of its submission. A copy of said Release of Lease is attached hereto and incorporated herein by reference as **Exhibit 3**.
- 10. Payment of Agreed Cash Sum. Contemporaneous with the execution of this Agreement, the Board shall pay to Transco 11 the Agreed Cash Sum. Said payment shall be delivered to Transcontinental in its capacity as general partner of Transco 11. The Board

shall have no responsibility or obligation to assure that Transcontinental properly pays or delivers the Agreed Cash sum to Transco 11 or to any of its partners.

Allocation of Risk to Board

11. **Board Assume Sole Liability.** Effective upon the earlier of: i.) The execution of this Agreement; or, ii.) The first date on which the Board submitted any Regulatory Filing to the State of Ohio or any of its agents, agencies, officers, or departments, the Board hereby assume sole and exclusive liability and responsibility for, and shall be solely liable and responsible for, each and all of the following:
- a. **Operations, Plugging, Abandoning, etc.** Operating, producing, plugging, abandoning, shutting in, or discontinuing the Well and/or any oil and gas operations by the Well and/or on the Lease.
 - b. **Reclaiming, etc.** Reclaiming and/or restoring the Lease and the Well site.
 - c. **Maintaining Insurance, etc.** Carrying, posting, providing, or otherwise maintaining all necessary insurance that may be required by the State of Ohio, ODNR, and/or DOG.
 - d. **Complying with Applicable Rules, etc.** Otherwise complying with any and all laws, rules, and regulations related and/or applicable to: i.) The Lease; ii.) The Well; iii.) Well or Lease operations or the cessation thereof; and/or, iv.) The continuance or discontinuance of oil and gas exploration or production activities on, in, and under the Lease or otherwise involving the Lease or the Well. Without limiting the generality of the foregoing, the laws, rules, and regulations subject to the foregoing include, but are not limited to, any and all applicable rules and regulations imposed by the State of Ohio, ODNR, and/or DOG.
12. **“As Is” Sale.** Except for any representations, warranties, or covenants made herein regarding the state of title to the Lease and/or the Well, including but not limited to those found in ¶¶ 1 and 7 of this Agreement, the Transco Group are selling the Lease and the Well to the Board on an “as is” basis and in “as is” condition, without any express or implied warranty or guaranty of any sort whatsoever, and the Board hereby accepts the Well and Lease subject to the foregoing lack of warranties or guaranties. Without limiting the generality of the foregoing:
- a. **Disclaimer of Warranties.** The Transco Group do not make any representations or warranties regarding: i.) The amounts of oil, natural gas, or other fugacious hydrocarbons that can be produced from the Well or Lease; ii.) The nature, volume, or extent of other non-hydrocarbon materials that might be produced by or exist under the Well or Lease; iii.) The state or condition of any surface, downhole, subsurface, or other equipment used by or related to the Well or Lease or operations thereon, including but not limited to any downhole tubing, casing,

pipings; or, iv.) The geologic, hydrologic, or other conditions below the surface of the Lease.

- b. Release of Transco Group. The Board hereby fully, forever, and irrevocably releases Transco 11, Transcontinental, and all of their officers, directors, partners, agents, employees, and representatives (all of the foregoing persons collectively the “**Released Persons**”) from any and all matter of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, and whether known or unknown, which the Board has ever had, now has, may have, or might have against any Released Person in connection with any matter, item, event, act, omission, or injury related to or arising out of the activities or operation on or involving the Lease or the Well, including but not limited to the permitting, drilling, exploration, development, or operation thereof. Further the foregoing release shall survive even if for any reason any member of the Transco Group wholly or partially keeps, reacquires, or retains the Well, the Lease, or the acreage or strata covered by the Lease.

Other Issues Related to Implementation

13. Mutual Cooperation. The parties shall reasonably cooperate with each other in order to implement this Agreement. Without limiting the generality of the foregoing:

- a. Transco Group to Provide Needed Information. If the Board needs information that is in the possession, custody, or control of Transco so that the Board may prepare, complete, or submit a Regulatory Filing, then, upon the Board’s request for such information, the Transco Group shall take reasonable steps to promptly provide such information to the Board, ***provided, however, that:***
 - i. Reasonable Copying and Clerical Fees. The Transco Group may charge the Board for any reasonable expenses incurred by the Transco Group in responding to any such request (including but not limited to reasonable copying charges or reasonable clerical fees), and the Board shall promptly pay the Transco Group for any such charge after the Board receives such information.
 - ii. Trade Secrets. The provisions of ¶ 14 shall apply to any information provided by the Transco Group pursuant to this ¶ 13.
- b. Board to Provide Proof of Regulatory Filings. In connection with any Regulatory Filing required of the Board pursuant to or as a result of this Agreement, and upon request by the Transco Group, the Board shall promptly provide the Transco Group with documentary proof that such Regulatory Filing has been made and accepted.

14. Well Files and Trade Secrets. The following shall apply in connection with the records, data, or information held or maintained by the Transco Group in connection with or regarding the Well or Lease (such records, data, and information collectively referred to as the “**Well Files**”):
- a. General Rule – Transco Retains Well Files. Except to the extent provided by ¶ 13 or by other provisions of this ¶ 14: i.) This Agreement does not call for or provide for the sale or transfer of any records, data, or information related to Lease or Well; and, ii.) The Transco Group shall retain sole rights to own, use, sell, trade, and disseminate the Well Files.
 - b. Board’s Copying and Inspection Rights. Upon reasonable advance notice and in exchange for a reasonable fee paid to the Transco Group for services rendered and reimbursement for costs incurred (including but not limited to a reasonable fee for time spent and reimbursement for reasonable copying charges), the Board may inspect and/or copy any of the Well Files during such reasonable business hours and at such reasonable locations as may be determined by Transcontinental in its sole and absolute discretion.
 - c. Well Files and Contents are Trade Secrets. Except in connection with those portions of the Well Files that are already in the public domain, whether by reason of such portions being in the public records maintained by ODNR or otherwise, the Well Files are trade secrets that are proprietary to the Transco Group.
 - d. Board’s Limited Duty to Maintain Confidentiality. If pursuant to this Agreement the Board acquires access to or possession of any trade secrets contained in the Well Files, then the Board shall refrain from affirmatively publicizing or disseminating such trade secrets. Notwithstanding the foregoing:
 - i. No Impairment of Third Party Rights. Nothing herein shall be construed to impair any person’s lawful rights to review or inspect any records held or maintained by the Board, whether pursuant to a lawful public records act request, a valid subpoena, or otherwise (such review or inspection referred to herein as “**Lawful Discovery**”).
 - ii. No Board Liability for Lawful Discovery. The Board shall have no liability to the Transco Group for any dissemination of any such trade secret pursuant to any form of Lawful Discovery.
 - iii. Acknowledged Risk of Lawful Discovery. The Transco Group acknowledges that there is a substantial and realistic likelihood that any information provided by the Transco Group to the Board pursuant to this Agreement is or will be amenable to Lawful Discovery.
 - e. Conflict Rule. In the event of any conflict between the provisions of ¶¶ 13 and 14, the provisions of ¶ 13 shall control.

15. Determining if Regulatory Filing Accepted. A Regulatory Filing shall be deemed accepted when all of the following have occurred: i.) Such Regulatory Filing has been accepted by the relevant agent, agency, or department of the State of Ohio; ii.) Such Regulatory Filing is in form and substance consistent with this Agreement; and, iii.) Such Regulatory Filing is in form and substance acceptable to Transcontinental, *provided, however, that* Transcontinental shall not unreasonably withhold a finding or determination that such Regulatory Filing is acceptable in form or substance.

Additional Terms

16. Waiver of Objection to Return of Collateral to Transco Group. The Board hereby irrevocably waives any and all objection they have or might have to any member of the Transco Group recovering, or receiving the return of, any cash, bond, or other security or collateral posted or provided by the Transco Group, including but not limited to the CD, as part of their acquisition, exploration, development, permitting, drilling, or operating of the Lease or Well. If requested by Transcontinental, the Board will execute one or more separate instruments confirming and reiterating the foregoing waiver, and any such instruments will be in form and substance acceptable to Transcontinental.
17. Specific Performance. The Transco Group shall be entitled to orders, entries, or decrees requiring the Board to comply with the terms and conditions of this Agreement, including but not limited to decrees of specific performance or injunctive relief.
18. Transco Group's Cumulative Rights and Remedies. Except to the extent clearly and expressly provided otherwise by another provision of this Agreement, all rights and remedies available to the Transco Group under this Agreement are cumulative in nature. All reasonable doubts regarding any particular right or remedy shall be resolved in favor of finding that the Transco Group holds and may assert such right or remedy on a cumulative basis.

Miscellaneous

19. Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter, and there are no oral promises or other representations inducing its execution or qualifying its terms. All prior agreements or understandings between the parties regarding the subject matter of this Agreement are hereby fully superseded and replaced by this Agreement. In the event of any dispute, case, or controversy regarding this Agreement, nor draft version of this Agreement may be admitted into evidence, nor may any other draft agreement dealing with the subject matter of or transactions contemplated by this Agreement.
20. Amendment. This Agreement may not be revised, altered, or modified in any way by any practice or course of dealing, but may be modified or amended only by an instrument in writing duly executed by the parties hereto.

21. No Assignment. No party hereto may voluntarily or involuntarily assign or otherwise transfer its rights or obligations under this Agreement without the express prior written consent of all other parties to this Agreement.
22. Counterparts and Copies. This Agreement may be executed in counterparts. A true and accurate copy of this Agreement in its fully executed state shall be given the same force and effect as an original.
23. Captions. The captions or headings found in this Agreement are meant for convenience only and shall have no impact on the construction, interpretation, application, or implementation of this Agreement.
24. Governing Law. The laws of the State of Ohio shall govern the validity, performance, and enforcement of this Agreement.
25. Joint and Several Liability. Transco 11 and Transcontinental shall be jointly and severally liable for all of their obligations hereunder.
26. Severability. Each provision of this Agreement, and any portion thereof, shall be considered severable. If, for any reason, any provision or portion thereof is determined to be invalid or contrary to any applicable law, rule, or regulation by a court of law, the remaining provisions and unaffected portions thereof shall be unimpaired, remain binding on the parties, and continue to be given full force and effect.
27. Authority. Each party hereto represents and warrants to the other that the individual signing this Agreement has the full authority to bind the party for which the individual is signing.
28. Rules of Construction. Except to the extent expressly provided otherwise herein: i.) The plural shall be construed as the singular, and *vice versa*, if such is necessary to give a just construction to this Agreement; ii.) Any reference to a person in the female or male gender, or as an artificial person, shall be construed so that such references are interchangeable; and, iii.) This Agreement shall not be more strictly or liberally construed against any person, but shall instead be evenly construed vis-à-vis all persons.
29. Transcontinental Acts for Transco 11. Until further notice, Transcontinental shall act as the sole and exclusive duly authorized general partner of Transco 11.
30. Successorship Clause. This Agreement and its terms and conditions shall: i.) Be binding upon the successors, heirs, and assigns of any party hereto; and, ii.) Inure to the benefit of the successors, heirs, and assigns of any party hereto or any third-party beneficiary hereof.
31. Recitals, etc., Material. The recitals and representations set forth in this Agreement are not mere surplusage, but are instead a material and significant part of this Agreement.

[Signatures Follow]

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

NORTON CITY SCHOOL DISTRICT
BOARD OF EDUCATION

By: _____
Board President

By: _____
Treasurer

TRANSCONTINENTAL NO. 11, LTD., and
TRANSCONTINENTAL OIL & GAS, INC., by:

Calvin Marks,
Signing as President and/or C.E.O. of
Transcontinental Oil & Gas, Inc., Which in
Turn is General Partner of Transcontinental
No. 11, Ltd., the Foregoing Signature Being
Provided with the Intent and Authority to
Bind both Transcontinental Oil & Gas, Inc.
And Transcontinental No. 11, Ltd.