

AGREEMENT TO PLUG WELL

Whereas, the Norton City School District Board of Education (“Norton City Schools”), 4128 South Cleveland-Massillon Road, Norton, Ohio, 44203, would like an oil and gas well to be plugged in Summit County, Norton Township, Ohio, known as the Milkovich #1, API Well Number #34-153-2-2801-00-00 (or “the Well”), that is currently registered to Transcontinental Oil & Gas, Inc., 173 Center Road, Bedford, OH 44146, and is being acquired by Norton City Schools from Transcontinental Oil & Gas, Inc. for the purpose of plugging and abandoning the Well to allow for expansion of the new Norton High School and additional facilities; and

Whereas, GonzOil, Inc. (“GonzOil”), 5260 Fulton Drive NW, Canton, Ohio 44718, is a bonded, insured, approved, and pre-qualified Well Plugging Contractor and Well Operator by the Ohio Department of Natural Resources (Ohio Well Owner Number 3434), and GonzOil has reviewed the various conditions of the Well, including plugging problems that may arise due to the Well’s unknown conditions and general downhole uncertainties of the Well;

Now, Therefore, Norton City Schools and GonzOil hereby agree to plug the Well in accordance with the recommendations and in compliance with the requirements of the ODNR Division of Oil & Gas Resources Management’s personnel.

SCOPE OF WORK

GonzOil will coordinate all aspects of plugging the Well, including assistance in acquiring permits, and coordination of the project with the operations and personnel of Norton City Schools and ODNR Division of Oil & Gas Resources Management's Well Inspectors. The Well will be plugged in compliance with the requirements of the Ohio Revised Code, the Ohio Administrative Code, and the rules and regulations of the ODNR, Division of Oil & Gas Resources Management. GonzOil will also remove the separator, tanks (including removal of any fluids in the tanks) and other oil and gas production facilities. GonzOil is not responsible for final work site restoration. This contract does not include the installation of a vault, vent line or monument over the plugged Well, however, an i.d. plate will be welded on in compliance with ODNR requirements. Norton City Schools agrees to maintain safe and secure access to the job site at all times.

PLUGGING THE MILKOVICH #1

GonzOil will provide all oilfield related services either directly or through third party providers, i.e. service rig, roustabouts, wireline, cement, milling, fishing, welder, etc., to plug the Milkovich #1. GonzOil will be compensated on a cost plus seventeen and one-half percent (17.5%) basis, plus Seventy-Five Dollars (\$75.00) per hour for GonzOil personnel's time and Fifty Cents (\$.50)/mile for mileage to the job site and back to Canton, Ohio. The approximate cost estimate (including cost plus seventeen

and one-half percent (17.5%) basis) for this project is Twenty-One Thousand Five Hundred Dollars (\$21,500.00), but could vary depending upon the weather, downhole complications, pre-existing soil contamination, and/or special requirements by ODNR, if any. GonzOil shall be entitled to the salvage value of casing and equipment salvaged from the leasehold, if any. Any out of the ordinary expenditures shall require the advance approval of Norton City Schools, except in the case of an emergency.

The Milkovich #1 is currently registered to Transcontinental Oil & Gas, Inc. Norton City Schools will acquire the ownership rights for the Well from Transcontinental Oil and Gas. Once the Norton City Schools has obtained the ownership rights for the Well, it will transfer the ownership rights to GonzOil, through ODNR Form 7. The Norton City Schools will pay GonzOil for the cost of the application for a well plugging permit (ODNR Form 1). GonzOil will apply to ODNR to register the Milkovich #1 under GonzOil's name (Ohio Well Owner Number 3434) and GonzOil's well bond and insurance. Thereafter, GonzOil will apply to ODNR for a permit to plug the Milkovich #1.

Norton City Schools has requested that the flow line, approximately two hundred fifty feet (250'), will be left in place and be removed by Norton City Schools at a later date. Norton City Schools agrees to execute an ODNR Landowner Waiver (ODNR Form 5) stating that the flow line will be left in place.

NOTIFICATION

GonzOil will notify the local or municipal fire department prior to commencement of work. GonzOil will contact the County Engineering Department (entrance ways, culverts, etc.), if necessary. GonzOil will notify the local ODNR Well Inspector as required during the various cementing operations necessary to plug the Well. Upon completion of the plugging of the Well, GonzOil will prepare and submit a well plugging report to ODNR, Division of Mineral Resources Management and will provide a copy to Norton City Schools.

SCHEDULE OF WORK

Work on the plugging of the Well shall begin by December 27, 2016, and shall be completed by January 31, 2017, excepting delays beyond GonzOil's control. "Complete" shall mean that the Well is plugged in accordance with this Agreement.

PAYMENT

Upon completion of plugging by GonzOil, GonzOil will prepare an itemized list of all invoices that have been paid and the cost plus seventeen and one-half percent (17.5%) invoice calculation.

GonzOil will provide to Norton City Schools an itemized list of all invoices that have been paid by GonzOil to perform and complete this Well Plugging Agreement. GonzOil will also provide copies of the invoices paid in support of the cost plus seventeen and one-half percent (17.5%) invoice calculation plus time and mileage. Upon completion by GonzOil, Norton City Schools agrees to pay GonzOil's invoices within thirty (30) days of receipt of invoice.

INDEMNIFICATION

GonzOil, Inc. agrees to indemnify, protect, defend and hold harmless Norton City Schools, its officers, directors, employees or their invitees from and against all claims, demands, and causes of action of every kind and character without limit and without regard to the cause or causes thereof or the negligence or fault (active or passive) of any party or parties including the joint or concurrent negligence of Norton City Schools, any theory of strict liability and defect of premises, arising in connection herewith in favor of Norton City Schools' employees, Norton City Schools' subcontractors or their employees, or Norton City Schools' invitees on account of bodily injury, death, or damage to property. Indemnification does not include actions of a criminal nature, actions that are knowingly fraudulent or deliberately dishonest, or willful misconduct.

LIABILITY

GonzOil shall be solely responsible for the acts and omissions of GonzOil's employees, contractors, subcontractors, and their agents and employees, and other persons performing portions of the work described in this Agreement. The Norton City Schools shall not be contractually liable to any of GonzOil's employees, contractors, subcontractors, their agents or employees, or other persons performing portions of the work described in this Agreement.

INSURANCE

GonzOil shall maintain general liability insurance in the amount of Three Million Dollars (\$3,000,000.00). GonzOil shall also maintain workers' compensation coverage in the minimum amounts required by Ohio law and automobile liability insurance coverage in the minimum amount of One Million Dollars (\$1,000,000.00) each. Excess or umbrella coverage may be used to meet these levels of insurance. GonzOil shall provide a certificate of insurance showing the required coverages. GonzOil also agrees to provide Norton City Schools with at least thirty (30) days' notice prior to any changes in coverage of the required insurance.

COMPLIANCE WITH LAWS

GonzOil shall comply with all federal, state, and municipal laws, rules, regulations, use permits and all conditions and restrictions regarding the use and condition of the property of Norton City Schools and regarding GonzOil's activities thereon. GonzOil agrees to handle, store, use, or dispose of hazardous materials associated with the well plugging process to the extent customary or necessary for use of the property by Norton City Schools for the education of children. GonzOil further agrees to handle, store, use and dispose of any such hazardous materials in a safe and lawful manner, and in compliance with state and federal law, including, but not limited to, relevant environmental protection laws.

SAFETY

GonzOil shall take all reasonable precautions for the safety of, and shall provide protection to prevent damage, injury, or loss to: (a) persons who may be directly injured during the work; (b) the Well and all associated structures; and (c) all Norton City Schools' property and improvements at the site of the Well or adjacent thereto. GonzOil shall take steps to protect the new curbing, however, GonzOil shall not be responsible for damage to the curbing caused by trucks and equipment traversing the curbs.

Norton City Schools shall take reasonable precautions to ensure that students, staff, and members of the public maintain a safe distance away from the worksite during well plugging operations.

WARRANTY

GonzOil warrants and guarantees that all work required under this Agreement shall meet the standards and requirements set forth in Chapter 1509 of the Ohio Revised Code, Chapter 1501:9-11 of the Ohio Administrative Code, and all applicable rules, regulations, and procedures set forth by the Ohio Department of Natural Resources.

ENTIRE AGREEMENT

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.

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 both parties hereto.

ASSIGNMENT

Neither party may assign or otherwise transfer, voluntarily or by operation of law, its rights or obligations under this Agreement.

GOVERNING LAW

The laws of the State of Ohio shall govern the validity, performance, and enforcement of this Agreement.

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.

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.

This Agreement applies to all work and/or services performed by or on behalf of GonzOil, Inc. for Norton City Schools. This Agreement will remain in full force and

effect continuously until either party cancels the Agreement with a minimum of thirty (30) days advance notice in writing to the other party.

So Agreed

By:

GonzOil, Inc.

**Norton City School
District Board of Education**

Douglas W. Gonzalez

(title)

(title)

Date: _____

Date: _____