



Jordan Development Company, L.L.C.
1503 Garfield Road North * Traverse City, MI 49696
(T) 231-935-4220 * (F) 231-935-4450

September 21, 2012

Mr. Bryan K. Barnett
City of Rochester Hills
1000 Rochester Hills Dr.
Rochester Hills, Michigan 48309

Re: Oil and Gas Lease Proposal – Approx. 41 Acres
Oakland County, Michigan

Dear Mr. Barnett:

Thank you for meeting with Mike Cox, Bob Boeve, and myself last Tuesday, September 11, 2012. You asked for an oil and gas lease proposal along with a PowerPoint showing some of the highlights of the oil and gas industry prior to our next meeting. Jordan Development Company, L.L.C. ("Jordan") is pleased to provide you with the following:

- * Royalty
The State of Michigan receives a 1/6th royalty. Jordan is offering 1/6th royalty to the City of Rochester Hills.
- * Cash Up-Front Bonus Payment
Jordan is offering Rochester Hills \$150.00 per net mineral acre. Jordan leased more than 18,000 State mineral acres at a competitive lease auction for an average of \$33.00 per net mineral acre in May 2012.
- * Term
The term of the lease will be five years, extended by oil and/or gas production for the life of the well(s). State of Michigan leases also have a 5-year term.
- * Non-Development
Jordan will not drill wells or build production facilities on the Rochester Hills properties without the Board's expressed written permission. Jordan may drill under the Rochester Hills property from adjacent properties using horizontal drilling techniques.
- * No Fracturing Provision
Jordan has volunteered not to use "Marcellus Shale type fracs" to recover hydrocarbons from your leasehold. Jordan will insert the following language in your Lease.

"Lessee agrees that, as it pertains to the lands covered by this lease, it shall not utilize the procedure known as High Volume Hydraulic Fracturing wherein it uses sand or other forms of proppant to hydraulically fracture the well as commonly utilized in unconventional shale plays such as the Marcellus Shale in Pennsylvania."

Mr. Bryan K. Barnett – City of Rochester Hills
Lease Proposal
September 21, 2012
Page Two

Please find attached as Exhibit "A" the royalty income received by Michigan State University and the State of Michigan for the St. Troy & MSU #1-9 well located off the parking lot on the MSU Troy campus with the wellbore located under I-75. You will notice that a successful well can be very lucrative to the mineral owner.

We have prepared and attached an Oil and Gas Lease for your review containing all of the provisions discussed above. We understand that this will have to be presented to the Rochester Hills Board. If you like, Jordan would be happy to provide a presentation to the Board.

Thank you for allowing Jordan the opportunity to provide you with this proposal. Should you have any questions, I can be reached at my office at (231) 935-4220, or on my cell at (231) 645-5500.

Very truly yours,

Jordan Development Company, L.L.C.



Benjamin S. Brower
Vice President

cc: Mike Cox

Exhibit "A"

**St. Troy & MSU #1-9 Well
Oakland County, Michigan
Royalty Income**

Year	Mich. State University Royalty	State of Michigan Royalty
2003	\$789,179	\$728,473
2004	\$958,864	\$885,105
2005	\$1,083,647	\$1,000,289
2006	\$731,338	\$675,081
2007	\$532,528	\$491,564
2008	\$592,017	\$546,477
2009	\$165,333	\$152,615
2010	\$170,430	\$157,320
2011	\$171,344	\$158,164

Total	\$5,194,680	\$4,795,088
-------	-------------	-------------

Total Royalty Paid Out	\$9,989,768
Average Royalty Per Year Paid Out	\$1,109,974

ORDER FOR PAYMENT FOR OIL AND GAS LEASE

Lessee shall make payment as indicated herein by check upon receipt of this Order For Payment and the executed Oil and Gas Lease Agreement associated herewith.

If the oil and gas lease referenced herein covers less than the entire undivided interest in the oil and gas or other rights in such land, then the dollar amount listed herein shall be paid to the payee only in the proportion which the interest in said lands covered by the Oil and Gas Lease Agreement bears to the entire undivided interest therein. Further, should Lessor own more or less than the net interest defined herein, Lessee shall increase or reduce the dollar amount payable hereunder proportionately.

For collection, the original copy herein must be submitted along with the Oil and Gas Lease. A copy is to be retained by payee. This Order For Payment is hereby recognized by Lessor as consideration paid by Lessee for the Oil and Gas Lease Option Agreement described below.

PAYEE (Lessor): **City of Rochester Hills**

Address: **1000 Rochester Hills Drive, Rochester Hills, MI 48309**

Phone: **248-656-4664**

This payment is for a five year, Paid Up, Oil and Gas Lease dated _____, 2012 which covers property described as follows:

Township	North,	Range	West,	Section	County of Oakland	State of MI
-----------------	---------------	--------------	--------------	----------------	--------------------------	--------------------

Estimated		Estimated	
Gross Acres: <u>41</u>	Net Acres: <u>TO BE DETERMINED</u>	Bonus Per Acres: <u>\$150.00 per net acre</u>	

THE TOTAL PAYMENT SHALL BE BASED UPON THE NET ACRES OWNED AND NOT SUBJECT TO AN EXISTING LEASE AS DETERMINED BY A SEARCH OF RECORDS AT REGISTER OF DEEDS MULTIPLIED BY THE BONUS \$ PER ACRE STATED ABOVE.

Lessor's Initials: _____

Completed by:


Benjamin S. Brower, V.P.

Enter your TIN in the appropriate box. The TIN provided must match the name given to avoid backup withholding. For individuals, this is your social security number (SSN). For other entities, it is your employer identification number (EIN).

Under penalties of perjury, I the undersigned certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. citizen or other U.S. person.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign that Certification, but you must provide your correct TIN.

Accepted the __ of _____, 2012, by:

LESSOR: **City of Rochester Hills**

SS#/TaxID: _____

Lessee:

**Jordan Development Company, L.L.C.
1503 Garfield Road North
Traverse City, MI 49696
231-935-4220 - Phone**

This Order for Payment expires one year from date of issuance unless paid sooner, terminated or replaced by Lessee.

FOR OFFICE USE ONLY

Date Received:

Date Due:

Project: _____ Deck # _____
Approved by: _____ Date: _____
Date Paid: _____ Check # _____

**OIL AND GAS LEASE
(PAID UP)**

THIS AGREEMENT is made as of the _____ day of _____, Lease No. _____, **2012**, by and between
City of Rochester Hills
Of 1000 Rochester Hills Drive, Rochester Hills, MI 48309 hereinafter called Lessor
(whether one or more), and **Jordan Development Company, L.L.C.** of **1503 Garfield Road North**
Traverse City, MI 49686 hereinafter called Lessee.

1. Lessor, for and in consideration of \$10.00 and other good and valuable considerations, the receipt and sufficiency of which is hereby acknowledged, and the covenants and agreements of the Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land described below, including all interests therein Lessor may acquire by operation of law, reversion or otherwise, (herein called "said land"), exclusively, for the purposes of exploring by geophysical and other methods, drilling, mining, operating for and producing oil and/or gas, together with all rights, privileges and easements useful or convenient in connection with the foregoing and in connection with treating, storing, caring for, transporting and removing oil and/or gas of whatsoever nature or kind, including coal seam methane gas, produced from said land or any other land adjacent thereto, including but not limited to rights to lay pipelines, build roads, drill, establish and utilize wells and facilities for disposition of water, brine or other fluids, and for enhanced production and recovery operations, and for purposes of conducting gas storage operations, and construct tanks, power and communication lines, pump and power stations, and other structures and facilities. Said land is located in the County of Oakland State of Michigan, and is described as follows:

- See Exhibit "1" attached hereto and made a part hereof for legal description.
- See Exhibit "A" attached hereto and made a part hereof for additional conditions.

containing 41 gross acres, more or less, and all lands and interests therein contiguous or appurtenant to the land specifically described above that are owned or claimed by Lessor, or to which Lessor has a preference right of acquisition, including but not limited to all lands underlying all alleys, streets, roads or highways and all riparian or submerged lands along and/or underlying any rivers, lakes or other bodies of water. The term "oil" when used in this lease shall mean crude oil and other hydrocarbons, regardless of gravity, produced at the well in liquid form by ordinary production methods, including condensate separated from gas at the well. The term "gas" when used in this lease shall mean hydrocarbons produced in a gaseous state at the well (not including condensate separated from gas at the well), helium, nitrogen, carbon dioxide and other commercial gases.

2. It is agreed that this lease shall remain in force for a primary term of five (5) years from the date of this lease, and as long thereafter as operations are conducted upon said land or on lands pooled or unitized therewith with no cessation for more than 120 consecutive days; provided, however, that in no event shall this lease terminate unless production of oil and/or gas from all wells located on said land, or on lands pooled or unitized therewith, has permanently ceased. If operations commenced during the primary term are discontinued less than 120 days before the end of the term, this lease shall not terminate at the end of the primary term if operations are again conducted within 120 days after the discontinuance. Whenever used in this lease the word "operations" shall refer to any of the following and any activities related thereto: preparing location for drilling, drilling, testing, completing, equipping, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil and/or gas, and production of oil and/or gas whether or not in paying quantities.

3. Lessee covenants and agrees to pay the following royalties: (a) To deliver to the credit of the Lessor into tank reservoirs or into the pipeline to which Lessee may connect its wells, one-eighth (1/8) of the oil produced and saved from said land, Lessor's interest to bear one-eighth (1/8) of the cost of treating oil to render it marketable pipeline oil, or from time to time, at the option of Lessee, Lessee may sell the oil produced and saved from said land and pay Lessor one-eighth (1/8) of the net amount realized by Lessee, computed at the wellhead, whether the point of sale is on or off said land. (b) To pay Lessor on gas produced from said land (1) when sold by Lessee, whether the point of sale is on or off said land, one-eighth (1/8) of the net amount realized by Lessee computed at the wellhead, or (2) when used by Lessee, for purposes other than those specified in Paragraph numbered 7 of this lease, the net market value, at the wellhead, of one-eighth (1/8) of the gas so used. As used in this Lease, the term net amount realized by Lessee computed at the wellhead shall mean the gross proceeds received by Lessee from the sale of oil and gas minus post-production costs incurred by Lessee between the wellhead and the point of sale, and the term net market value at the wellhead shall mean the current market value (at the time of production) of the gas at the market point where gas produced in the general area is commonly purchased and sold, minus the post-production costs that would be incurred by Lessee between the wellhead and such market point in order to realize that market value. As used in this lease, the term "post-production costs" shall mean all costs and expense of ~~(a) treating and processing oil and/or gas to separate and remove non-hydrocarbons including but not~~

limited to water, carbon dioxide, hydrogen sulfide and nitrogen, and (b) separating liquid hydrocarbons from gas, other than condensate separated at the well, and (c) transporting oil and/or gas, including but not limited to transportation between the wellhead and any production or treating facilities, and transportation to the point of sale, and (d) compressing gas for transportation and delivery purposes, and (e) metering oil and/or gas to determine the amount sold and/or the amount used by Lessee for purposes other than those specified in Paragraph numbered 7 of this lease, and (f) sales charges, commissions and fees paid to third parties (whether or not affiliated) in connection with the sale of the gas, and (g) any and all other costs and expenses of any kind or nature incurred in regard to the gas, or the handling thereof, between the wellhead and the point of sale. Lessee may use its own pipelines and equipment to provide such treating, processing, separating, transportation, compression and metering services, or it may engage others to provide such services, and if Lessee uses its own pipelines and/or equipment, post production costs shall include reasonable depreciation and amortization expenses relating to such facilities, together with Lessee's costs of capital and reasonable return on its investment in such facilities. Prior to payment of royalty, Lessor shall execute a Division Order setting forth his interest in production. Lessee may pay all taxes and fees levied upon the oil and gas produced, including, without limitation, severance taxes and privilege and surveillance fees, and deduct a proportionate share of the amount so paid from any monies payable to Lessor hereunder.

4. If any well, capable of producing oil and/or gas, whether or not in paying quantities, located on said land or on lands pooled or unitized with all or part of said land, is at any time shut-in and production therefrom is not sold or used off the premises, nevertheless such shut-in well shall be considered a well producing oil and/or gas and this lease will continue in force while such well is shut-in, notwithstanding expiration of the primary term. In lieu of any implied covenant to market, Lessee expressly agrees to market oil and/or gas produced from Lessee's wells located on said land or on land pooled or unitized therewith, but Lessee does not covenant or agree to reinject or recycle gas, to market such oil and/or gas under terms, conditions or circumstances which in Lessee's judgment are uneconomic or otherwise unsatisfactory or to bear more than Lessee's revenue interest share of the cost and expense incurred to make the production marketable. If all wells on said land, or on lands pooled or unitized with all or part of said land, are shut-in, then within 60 days after expiration of each period of one year in length (annual period) during which all such wells are shut-in, Lessee shall be obligated to pay or tender, as royalty, to Lessor, the sum of \$4.00 25.00 multiplied by the number of acres subject to this lease, provided, however that if production from a well or wells located on said land or on lands pooled or unitized therewith is sold or used off the premises before the end of any such annual period or if at the end of any such annual period this lease is being maintained in force and effect other than solely by reason of the shut-in well(s), Lessee shall not be obligated to pay or tender said sum of money for that annual period. This shut-in royalty payment may be made in currency, draft or check, at the option of Lessee, and the depositing of such payment in any post office, with sufficient postage and properly addressed to Lessor, within 60 days expiration of the annual period shall be deemed sufficient payment as herein provided.

5. If Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall give written notice to Lessee specifically describing Lessee's non-compliance. Lessee shall have 120 days from receipt of such notice to commence, and shall thereafter pursue with reasonable diligence, such action as may be necessary or proper to satisfy such obligation of Lessee, if any, with respect to Lessor's notice. Neither the service of said notice nor the doing of any acts by Lessee in response thereto shall be deemed an admission or create a presumption that Lessee has failed to perform all its obligations hereunder. No judicial action may be commenced by Lessor for forfeiture of this lease or for damages until after said 120 day period. Lessee shall be given a reasonable opportunity after a final court determination to prevent forfeiture by discharging its express or implied obligation as established by the court. If this lease is canceled for any cause, it shall, nevertheless remain in force and effect as to (a) sufficient acreage around each well as to which there are operations, so as to constitute a drilling or maximum allowable unit under applicable governmental regulations, such acreage to be designated by Lessee in such shape as then existing spacing rules permit and (b) any part of said land included in a pooled or unitized unit on which there are operations. Lessee shall also have such easements on said land as are necessary or convenient for operations on the acreage so retained.

6. If this lease covers less than the entire undivided interest in the oil and gas in said land (whether Lessor's interest is herein specified or not), then the royalties, shut-in royalties and any extension payment pursuant to Paragraph numbered 19 below shall be paid to Lessor only in the proportion which the interest in oil and gas covered by this lease bears to the entire undivided interest therein.

7. Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operations hereunder, except water from the wells of Lessor. When requested by Lessor, Lessee shall bury Lessee's pipelines below plow depth. No well shall be drilled nearer than 200 feet from the house or barn now on said land without written consent of Lessor. Lessee shall pay for damages caused by Lessee's operations to growing crops on said land. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing and any other downhole equipment and fixtures.

8. Lessee is hereby granted the rights to pool or unitize said land or any part of said land, either before or after production is established, with other lands, as to any or all minerals or horizons, to establish units containing not more than approximately 320 acres; provided, however, such units may be established so as to contain not more than approximately 640 acres as to any or all of the following: (a) gas, (b) oil produced from formations located below the top of the Ordovician period, and (c) oil produced from wells classified as gas wells by the regulatory agency having jurisdiction. If units larger than those permitted above, either at the time established or thereafter, are required or permitted under any governmental rule or order to drill or operate a well at a regular location, to obtain the maximum allowable from any well or for any other reason, then the maximum unit size authorized hereby shall conform to the size required or permitted by such governmental rule or order. Lessee may enlarge the unit to the maximum area permitted herein and may reform said unit to include after-acquired leases within the unit area. Lessee may create, modify, enlarge or reform the unit or units as above provided at any time, and from time to time during the continuance of this lease, either before or after production is obtained. A unit established hereunder shall be effective for all purposes of this lease, whether or not all interests in the lands in the units are effectively pooled or unitized. Lessee may, but shall not be required to, drill more than one well in each unit. Lessee may reduce or terminate such unit or units at any time prior to the discovery of oil or gas on the pooled or unitized lands, or at any time after discovery subsequent to the cessation of production. Lessee may create, modify, enlarge, reform, reduce, or terminate each unit by recording a written declaration to that effect in the Register of Deeds or recorder's office in the county or counties in which such unit is located. Any operations conducted on any part of the lands pooled or unitized shall be deemed to be on the lands leased herein within the meaning of all provisions of this lease. Production of oil and/or gas from the unit shall be allocated to the lands described herein which are included in the unit in the same proportion as the number of surface acres in the lands described herein which are included in the unit bears to the total number of surface acres in the unit.

9. In addition to the rights to pool or unitize granted to the Lessee in Paragraph numbered 8 above, for the purpose of promoting the development of hydrocarbon production from shallow formations, as hereinafter defined, Lessee is granted the right to pool or unitize the shallow formations in said land, or any part of said land with other lands, to establish a unit or units of any size and shape for the drilling and operation of multiple wells. The right to pool or unitize is a recurring right exercisable either before or after production is established and is irrespective of whether authority similar to this exists with respect to such other land, lease or leases. The unit may consist of any number of tracts or parcels of land. The exercise of this right shall be effective only if the required well density (at least one straight hole well drilled into the pooled or unitized shallow formation for each 320 acres of the unit or one lateral well drilled in the pooled or unitized shallow formation for each 640 acres of the unit) is attained no later than five (5) years after recording of the written declaration of the unit. In the event lateral wells are drilled, the effective well density requirement shall be one well per 640 acres. As used herein, the term "shallow formations" shall mean formations between the surface of the earth and a depth of 2,500 feet. All provisions of Paragraph numbered 8, including those regarding Lessee's identification of a unit, the effect of operations conducted thereon and the allocation of production from wells thereon, shall apply in the same manner to a unit formed pursuant to this paragraph for production from shallow formations, except to the extent inconsistent with this paragraph. Lessee may amend, expand, reduce, reform or otherwise modify the unit by filing of record a written declaration to that effect, provided that the required well density is maintained, or is attained by the drilling of an additional well or wells within three (3) years after each such expansion. Lessor specifically acknowledges and agrees that the formation of units under this paragraph is intended to allow development of hydrocarbons in shallow formations which might otherwise not be economic, that units may be created, modified, enlarged, reformed, reduced or terminated to permit such economic development, that the validity of Lessee's actions in creating, modifying, enlarging, reforming, reducing or terminating such units shall not be dependent upon the existence of any geological justification, and that Lessee's right to create, maintain, modify, enlarge, reform, reduce or terminate any such units shall only be limited by the required well density provisions set forth above.

10. This lease is subject to laws and to rules, regulations and orders of any governmental agency having jurisdiction, from time to time in effect, pertaining to well spacing, pooling, unitization, drilling or production units, or use of material and equipment.

11. If, after the date hereof, the leased premises shall be conveyed in severalty or in separate tracts, the premises shall, nevertheless, be developed and operated as one lease, except that royalties as to any producing well shall be payable to the owner or owners of only those tracts located within the drilling unit designated by the state regulatory agency for such well and apportioned among said tracts on a surface acreage basis; provided, however, if a portion of the leased premises is pooled or unitized with other lands for the purpose of operating the pooled unit as one lease, this paragraph shall be inoperative as to the portion so pooled or unitized.

12. If Lessee is prevented from, or delayed in commencing, continuing, or resuming operations, or complying with its express or implied obligations hereunder by circumstances not reasonably within Lessee's control, this lease shall not terminate and Lessee shall not be liable for damages so long as said circumstances continue (the "period of suspension"). These circumstances include, but are not limited to the following: conflict with federal, state or local laws, rules, regulations and executive orders; acts of God; strikes; lockouts; riots; wars; improper refusal or undue delay by any governmental agency in issuing a necessary approval, license or permit applied for by Lessee; equipment failures; and inability to obtain materials in the open market or to transport said materials. If the period of suspension commences more than 120 days prior to the end of the primary term of this lease, then that period of suspension shall be added to the primary term. If the period of suspension commences less than 120 days prior to the end of the primary term or at any time after the primary term, then this lease shall not terminate if Lessee shall commence or resume operations within 120 days after the end of the period of suspension.

13. If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants and provisions of this lease shall extend to such party's heirs, devisees, legal representatives, successors or assigns. Notwithstanding any other actual or constructive knowledge of Lessee, no change in the ownership of land or assignment of royalties or other monies, or any part thereof, shall be binding on Lessee until 45 days after Lessee has received, by certified mail, written notice of such change and the originals or certified copies of those instruments that have been properly filed for record and that shall be necessary in the opinion of Lessee to establish the validity of such change of ownership or division of interest. No change or division in the ownership of said land, royalties or other monies, or any part thereof, however accomplished, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, rights and obligations relating to the location and drilling of wells and the measurement of production. Upon assignment by Lessee, its successors or assigns, the assignor shall be released from, and the assignee shall assume, the responsibility to fulfill the conditions and to perform the covenants of this lease, express or implied, with regard to the interest assigned. Breach of any covenant or failure to fulfill any condition by an owner of any part of the leasehold interest created by this lease shall not defeat or affect the rights of the owner(s) of any other part.

14. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee may at any time pay all or part of any land contract, mortgage, taxes, or other liens or charges with respect to said land, either before or after maturity and be subrogated to the rights of the holder thereof, and that Lessee shall be entitled to reimbursement out of any royalty or other monies payable to Lessor hereunder. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as Lessor.

15. Lessee may at any time surrender this lease as to all or any part of said land, or as to any depths or formations therein, by delivering or mailing a release to Lessor if the lease is not recorded or by placing a release of record in the proper county if the lease is recorded. If this lease is surrendered only as to part of said land, any shut-in royalties which may thereafter be payable hereunder shall be reduced proportionately.

16. ~~Lessee shall have the exclusive right to use any stratum or strata underlying the premises for the storage of gas or liquids and may, for such purpose, reopen and restore to operation any and all abandoned wells on the premises and may drill new wells thereon for the purpose of injecting and storing gas or liquids in such stratum or strata and withdrawing such gas or liquids therefrom. If Lessee intends to use the premises for such purpose or determines that it is so using the premises, Lessee may deliver to Lessor or have recorded in the county or counties in which this lease is recorded a declaration that the premises are being used, or from a specified date will be used for gas or liquid storage, and thereafter Lessee shall have the exclusive right to use the premises for such gas or liquid storage until such time as Lessee may deliver to Lessor or have recorded in such county or counties a surrender of the right granted to Lessee by this paragraph or until Lessee shall intentionally abandon the right to use the premises for such storage. During the period or periods that Lessee shall utilize the premises for the storage of gas or liquids, the royalties herein provided to be paid to Lessor shall accrue and become payable only on such gas and liquids as shall have been taken from such premises by Lessee over and above the amount thereof which Lessee theretofore shall have stored in such stratum or strata. For and during the period or periods that Lessee uses said premises for such storage, Lessee shall pay to Lessor a minimum royalty of Ten Dollars (\$10.00) per acre per year on the number of acres covered by this lease, such payment to be made not later than sixty (60) days from and after~~

the end of each twelve month period during which the premises are utilized for storage. Lessee is expressly granted the right to use so much of the surface of the premises as is reasonably necessary in the exercise of the rights granted to Lessee by this paragraph. The rights granted to Lessee by this paragraph shall continue in force for the period of time hereinabove specified, but this lease, insofar as it grants to Lessee the right to prospect, explore and produce oil and gas from stratum or strata other than those employed in such storage shall not be continued in force solely by the storage of oil or liquid as provided in this paragraph.

17. All written notices permitted or required by this lease to be given Lessor and Lessee herein shall be at their respective addresses listed hereinabove, shall be by certified United States mail, and shall identify this lease by date, parties, description and recording data; provided that either party may change such notice address by giving written notice to the other party specifying the new address.

18. In the event any one or more of the provisions contained in this lease shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this lease.

19. This lease may, at Lessee's option, be extended as to all or part of the lands covered hereby for an additional primary term of two (2) years commencing on the date that the lease would have expired but for the extension. Lessee may exercise its option by paying or tendering to Lessor an extension payment of \$ 150.00 per acre for the minerals then covered by the extended lease, said bonus to be paid or tendered to Lessor in the same manner as provided in Paragraph numbered 4 hereof with regard to the payment of shut-in royalties. If Lessee exercises this option, the primary term of this lease shall be considered to be continuous, commencing on the date of the lease and continuing from that date to the end of the extended primary term. Lessee's option shall expire on the first to occur of the following: (a) the termination or expiration of this lease or (b) the second anniversary of the expiration of the primary term stated in Paragraph numbered 2 above.

Executed as of the day and year first above written.

LESSOR:

STATE OF MICHIGAN)
COUNTY OF Oakland) SS (Acknowledgment)

On this ____ day of _____, 2011, before me personally appeared _____ known to me to be the person (s) described in and who executed the foregoing instrument, and who acknowledged to me that he (she, they) executed the same.

_____, Notary Public

My Commission Expires: _____
Acting in Oakland County, MI
For _____ County, MI

RETURN RECORDED COPY TO: 1503 Garfield Road North Traverse City, MI 49686

This instrument prepared by: Ben Brower of 1503 Garfield Road North, Traverse City, MI 49686

R:\LAND\Forms\Lease Forms\LEASE FORM - PAID-UP-5.05.doc

EXHIBIT A OF OIL AND GAS LEASE

Exhibit A to the Oil and Gas Lease that amends the Oil and Gas Lease entered into between the City of Rochester Hills, as Lessor, and Jordan Development Company, L.L.C., as Lessee, is hereby supplemented to add the following paragraphs, all of which serve to amend, and shall prevail whenever in conflict with, the provisions of the Oil and Gas Lease.

1. Lessee agrees that, as it pertains to the lands covered by this lease, it shall not utilize the procedure known as High Volume Hydraulic Fracturing wherein it uses sand or other forms of proppant to hydraulically fracture the well as commonly utilized in unconventional shale plays such as the Marcellus Shale in Pennsylvania.
2. Notwithstanding anything contained in this Oil and Gas Lease to the contrary, Lessor's royalty is hereby changed from one-eighth ($1/8^{\text{th}}$) to one-sixth ($1/6^{\text{th}}$) and everywhere in this lease where the fraction one-eighth ($1/8^{\text{th}}$) appears, the fraction one-sixth ($1/6^{\text{th}}$) is hereby substituted.
3. Lessee shall have no rights of entry on the surface of there herein leased lands with the further written consent of the Lessor.

Agreed this ____ day of _____, 2012.

Lessor: City of Rochester Hills

Lessee: Jordan Development Company

By: _____

Its:

By: _____

Its: