



**Hampshire  
Gas**

An Affiliate of Washington Gas

HC 79 Box 69A  
Romney, WV 26757

February 18, 2011

Ref: Hampshire Gas Storage Field  
Lease No. 51-213F-J-S  
20.48 Mineral Storage Acres

Dear Ronald and Julie,

I recently sat down with Jeffery Miller and learned about the 20.48 acres you purchased from Randall and Jeffery Miller known as Latigo Run Subdivision in 2005. Hampshire Gas holds a current Storage lease on this land.

Under the terms of the storage lease, Hampshire Gas pays an annual rental fee to the owner of the mineral rights on this parcel. Since your deed conveys all of the mineral rights to you, we will send storage rental payments starting in February, the anniversary month of the conversion of the leased premises to the storage facilities. Since the February payments have already been sent I will send to you back payments from 2005 to 2011. Then next February you will start receiving payments on schedule.

**Before payments can be sent, I need the enclosed W-9 form filled out and sent back in the envelope provided. This will enable payments to be generated and sent out in a timely manner.**

After receiving the W-9 information, I will inform our accounting department of the change in ownership and they will begin making annual payments to you as they fall due.

If you have any questions, please contact me.

Very truly yours.

Gregory W. Rinker  
Sr. Specialist  
Hampshire Gas Company

(304) 822 - 5664



**Hampshire  
Gas**

An Affiliate of Washington Gas

HC 79 Box 69A  
Romney, WV 26757

August 16, 2011

Ref: Hampshire Gas Storage Field  
Lease No. 51-213F-H-S  
20.48 Mineral Storage Acres

I am responding to the conversation we had concerning the Storage lease that Hampshire Gas holds on property you own in Hampshire County West Virginia.

Your concern was. Is Hampshire Gas ever planning on drilling or placing lines on your property? Hampshire Gas has no plans to drill or place a gas line on the property you own.

Hampshire Gas is a storage facility for Washington Gas with its corporate office is in Washington D.C. Hampshire Gas has 12 wells that have been used for storage since the 1970's. These 12 wells were drilled in the 1950's and 1960's and they connect to our 18 miles of transmission line that runs to a compressor station in Kirby, WV.

As you see the wells and storage facilities have been in place for sometime without increasing in size. Because our facility fulfills the need for the use of natural gas demanded by our only customer Washington Gas, no future expansions are planned or needed.

If you have any questions, please contact me.

Very truly yours.

Gregory W. Rinker  
Sr. Specialist  
Hampshire Gas Company

(304) 822 - 5664

## MEMORANDUM

TO: JMK

FROM: MEC

DATE: March 17, 2011

RE: Hampshire Gas -- Telephone Conversation with Gegory Rinker

We spoke with Gregory Rinker with Hampshire Gas (304-822-5664) this afternoon regarding the natural gas storage facilities underneath certain real property in West Virginia. The wells have been in existence since the 1950's or early 1960's. There are 26 wells total, and the last well was drilled in 1973. Many have been capped and abandoned. Currently 5 are being used as observation wells to monitor the pressure of the natural gas being stored. Twelve are used for injection, storage and withdrawal. The storage itself is between 4,000 and 6,000 feet underground (approximately a mile or so). The gas is stored in the cracks and crevices of oriskany sandstone, which is itself 500 feet thick.

In the summer, Hampshire Gas has natural gas piped up from the Gulf Coast and injected into the sandstone. It is stored there until the winter, when demand is higher for natural gas. Washington Gas owns Hampshire Gas and is its only customer.

As a small company, Hampshire Gas is able to inspect and maintain their natural gas pipelines more thoroughly than required by the federal government regulations. They do surveys to spot leaks twice a year, even though they are only required to do this once a year. They also "pig" the lines in several locations once a year. Pigging is a process where a device is put in the pipeline that detects corrosion, pits, or weak spots that indicate a potential leak. When a potential leak is spotted, the pipeline is replaced.

Mr. Rinker said the fact that there is a gas storage facility in the area does not affect the homeowners in the area. It is possible that there is no active storage area under the Brookman's property. Mr. Rinker's does not know of any adverse consequences or events in the area caused by the storage facilities over the years.

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## OIL AND GAS LEASE

THIS AGREEMENT, made this 19 day of June, 1967, between Lela Pearl Ludwig Lessor,  
and Joyce Pipe Line Co. of Andover, N. Y., Lessee

## WITNESSETH:

WHEREAS, the Lessor, the owners in fee of all that tract of land situate in the Town of Amherst County  
of New York, Tract No. 11100, State of New York, bounded substantially as follows:  
On the North by lands of James B. Ludwig  
On the East by lands of James B. Ludwig  
On the South by lands of James B. Ludwig  
On the West by lands of James B. Ludwig  
containing 1.55 acres of land more or less, which said tract of land is hereinafter called the "Premises."

NOW, THEREFORE, for and in consideration of the sum of One Dollar paid by the Lessee to the Lessor, the receipt of which is hereby acknowledged, and of the respective covenants and agreements hereinafter set forth to be kept and performed the respective parties hereto agree as follows:

1. The Lessor does hereby grant, demise, lease and let unto the Lessee, and the Lessee does hereby take the Premises for the sole and only purposes, and with the exclusive right of drilling and operating for oil and gas, and of entering upon said Premises for such purposes, and building tanks, stations and structures to take care of said products, of storing gas under said Premises, and no part thereof is let to or shall be used by the Lessee for agricultural purposes; together with the right of way and the right to lay pipe lines to transport gas and/or oil that may be produced from this or any other properties; together with the right of using sufficient oil, water and gas from the Premises to run all necessary machinery, and at any time to remove all machinery, structures, piping, fixtures, etc., placed on the Premises.
2. The Lessee shall locate all wells drilled by it on the Premises so as to interfere as little as possible with the cultivated portions of the farm, with further provision that no wells shall be drilled by the Lessee within a radius of one hundred feet around existing buildings without the written consent of the Lessor. Lessee to pay damage to crops and fences by reason of operations on these Premises.
3. This lease shall terminate as to both parties, unless the Lessee shall start a well, or the storage of gas, on the Premises within thirty months from the date hereof or in default thereof, pay to the Lessor the sum of SEVENTY CENTS per acre as annual rental after said period, to be paid quarterly in advance until the Lessee during the term of this lease shall start a well, or the storage of gas, on the Premises.
4. In the event Lessee shall drill a well or wells on the Premises from which gas is produced and marketed and sold off the Premises, the Lessee shall pay to the Lessor, in lieu of the rental above provided, a royalty of 25 cents per thousand cubic feet of gas produced, marketed and sold from the Premises. Payment to be made monthly for gas sold the preceding month. There is reserved to the Lessor during such period 150,000 cubic feet of gas per year from such well or wells to light and heat one dwelling house on the Premises, if there be such dwelling house thereon, provided however, that the Lessor shall lay and maintain at their own expense, the lines from the well to the dwelling house and shall burn the gas at their own risk, and shall assume all responsibility for variation in pressure.
5. In the event that oil is produced and saved from any well or wells to be drilled on the Premises, the Lessee shall deliver to the credit of the Lessor, in lieu of the rental above provided, free of cost in the pipe lines to which such well may be connected, the equal one-eighth part of such oil produced from the Premises.
6. All payments under this lease shall be made to the Lessor, direct or by mailing to the above address until the Lessee shall receive written notice from the Lessor, their executors, administrators, or assigns, directing payments to be made otherwise, and any payments made as above and until such direction, and thereafter in accordance with such direction shall absolve the Lessee from any liability to any executor, administrator, heir or assigns of the Lessor. All payments of rents or royalties are to be made according to the Lessor's respective interests therein, and this lease shall not be forfeited for Lessee's failure to pay any amounts hereunder until Lessee has received written notice of such default and shall have failed, for a period of thirty days after receipt of such notice to pay the same, and if paid then this lease to remain in full force and effect. In case of notice of any adverse claim to the Premises or to any party of the rentals or royalties, Lessee may withhold payment or delivery of the same until the ownership is determined by compromise or by final decree of a court of competent jurisdiction.
7. The Lessor hereby warrants and agrees to defend the title to the Premises herein described and agrees that the Lessee at its option may pay and discharge any taxes, mortgages or installments thereof or interest thereon or other liens existing at any time against the above described Premises, and in the event the Lessee exercises such option it shall be subrogated to the rights of any holder or holders of such liens and may reimburse itself by applying to the discharge of any such taxes, mortgages, or installments thereof or interest thereon, or other lien, any royalty or rentals accruing hereunder. If Lessor owns a less interest in the above described Premises than the entire and undivided fee simple estate, then the rents and royalties herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
8. It is agreed that this lease remain in force for the term of ten (10) years from date hereof, and so long thereafter as the said land is operated by the Lessee in the search for or production of oil or gas or so long as gas is being stored, held in storage, or withdrawn from the Premises by Lessee. It is understood that a well need not be drilled on the Premises to permit storage of gas, and it is agreed that the Lessee shall be the sole judge as to whether gas is being stored within the leased Premises and that Lessee's determination shall be final and conclusive.
9. Lessor grants to Lessee, his heirs or assigns, the right to unitize this lease or any part thereof with other leases to form a unit of any size up to 800 acres for the development of the area for oil or gas production or storage or for any other purpose, such unitization by filing in the Recorder's Office in the county in which the leased Premises are located an instrument designating the unit. In the event this lease is so unitized, Lessor agrees to accept, in lieu of the royalties provided in Paragraphs 4 and 5 hereof, such portion of such royalties as the acreage covered by this lease included in the unit bears to the total acreage comprising the unit. For purposes of Paragraphs 3 and 8, oil or gas produced from the unit shall be considered production from the leased Premises.
10. It is agreed that the commencement of a well on the Premises, or anywhere in the unit, if this lease is unitized, shall be and operate as a full liquidation of all rentals during the remainder of the term of this lease.
11. In the event Lessee uses the Premises for the storage of gas, if there is not a well on the Premises utilized for storage purposes, Lessee shall pay to Lessor the sum of SEVENTY CENTS per acre as annual rental payable in advance as long as gas is stored within said Premises, or until a well is drilled or utilized for storage purposes. Lessee shall have the right to utilize any well or wells on the Premises as a storage well, whereupon the gas royalty provision in Paragraph 4 shall terminate as to each such well so utilized, and the Lessee shall thereafter pay to Lessor for each such well or wells ONE HUNDRED DOLLARS per annum, payable in advance, beginning as of the date of the utilization of each such well for storage purposes and continuing as to each such well so long as it is being used for storage purposes. In the event Lessee shall utilize any well on the Premises as a storage well Lessee shall have the right to inject therein gas of any kind regardless of the source thereof and to remove therefrom such gas together with the natural product of such well by such means as Lessee may choose.
12. All of the provisions of this lease are subject to the condition that the Lessee may at any time execute a surrender or cancellation of this lease as to all or any part thereof and record the same in the Clerk's Office of the above named County in which the Premises is located, and thereupon this lease shall be deemed to be cancelled and annulled as to the land in respect to which a surrender is made, and all payments and liability thereunder to accrue under the terms of this lease shall cease and determine. If a part or parts of the Premises be surrendered, the land retained shall continue to draw its pro rata share of the rental above provided.

It is agreed that all the terms and provisions of this lease shall be binding upon and enure to the benefit of the heirs, executors, administrators, and assigns of the parties hereto; that the entire contract and agreement between Lessor and Lessee is embodied herein, and that no verbal warranties, representations, or promises have been made or relied upon, by Lessor or Lessee, supplementing, modifying, or as an inducement to this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

Lela Pearl Ludwig L.S.  
James B. Ludwig L.S.  
James B. Ludwig L.S.

STATE OF West. Va.  
COUNTY OF Hampshire TO WIT

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I, A. R. Cummins, a Notary Public

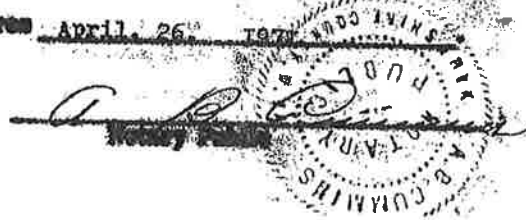
within and for the county and state aforesaid, do hereby certify that

Jesse O. Ludwig & Leola Pearl Ludwig

whose name (s) is/are signed to the foregoing and annexed writing, bearing date of the 19 day of June, 1962, has/have this day acknowledged the same before me in my said county.

Given under my hand this 19 day of June, 1962

My commission expires April 26, 1970



STATE OF WEST VIRGINIA, County of Hampshire, to-wit:

Be it remembered that on the 23rd day of July, 1962, at 11:00 A.M., this Oil & Gas Lease was presented in the Clerk's Office of the County Court of said County and with the certificate thereto annexed, admitted to record.

Attest Eugene J. Billmeyer Clerk  
County Court, Hampshire County, W. Va.

DATE <u>June 19 1962</u>	OIL AND GAS LEASE	FROM	TO	AND OVER, Y.	No. Acres <u>1.25</u>
		State of West Virginia, County of Hampshire, Resident of <u>West Virginia</u> Place <u>3.62</u>	JOYCE PIPE LINE COMPANY		

11100  
RECEIVED FOR RECORD  
HAMPSHIRE COUNTY COURT  
1962 JUL 23 AM 11:00  
Eugene J. Billmeyer

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

That James V. Joyce and James V. Joyce doing business as Joyce Pipe Line Co., and Helma Joyce, his wife, in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable considerations in hand paid, do hereby grant, bargain, sell, assign, set over and convey unto Hampshire Gas Company, a corporation of the State of West Virginia, its successors and assigns, the oil and gas leases and leasehold estates created thereby situate in Hampshire County, West Virginia, as set forth in Schedule No. 1 hereto attached and by this reference made a part hereof, together with all wells thereon and all appurtenances thereunto appertaining, including also, without limiting the generality of the foregoing, all pipes, tubing, casing, machinery and fixtures thereon and therein which are connected therewith.

And for the same consideration the undersigned, for themselves and their heirs, successors and assigns, do covenant with said Hampshire Gas Company, its successors and assigns, that they are the lawful owners of the said leases and rights and interests thereunder and of the personal property thereon or used in connection therewith; that the undersigned have good right and authority to sell and convey the same, and that said rights, interest and property are free and clear from all liens and encumbrances, that all rentals and royalties due and payable thereunder have been duly paid; that they will execute such further assurances of the said leases, leasehold estates and personal property as may be requisite, and that the undersigned will warrant and defend the same against all claims and demands of all persons whomsoever, claiming by, through or under them, or either of them.

WITNESS the following signatures and seals this 11<sup>th</sup> day ofJuly, 1963.

WITNESS:

W. H. [Signature]James V. Joyce (SEAL)

WITNESS:

Robert E. MayberryHelma Joyce (SEAL)