

OIL AND GAS LEASE (NON-ENTRY – PAID UP)

THIS AGREEMENT is made as of the ____ day of _____, 2019, by and between **City of Evart, a Michigan municipality**, whose address is 5814 100th Avenue, Evart, MI 49631, hereinafter called Lessor, and Savoy Energy, L.P., P.O. Box 1560, Traverse City, Michigan 49685-1560 hereinafter called Lessee.

1. Lessor, for and in consideration of Ten Dollars (\$10.00) and other valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, lease and let unto Lessee, the oil and gas mineral rights beneath the land described below, including all interest in such rights the Lessor may acquire by reversion or otherwise, (herein called "said land"), exclusively, for the purposes of exploration for and producing oil and/or gas. **No surface operations of any nature shall be conducted on the leased land, except possible seismic surveys that may be conducted by Lessee, its successors or assigns.** Said land is in the County of Osceola, State of Michigan, and is described as follows:

TOWNSHIP 18 NORTH, RANGE 8 WEST (Osceola Township)

SECTION 35: The South Half of the Southwest Quarter of Section 35 lying South of US-10, except the West 14 acres thereof, containing 62.76 acres, more or less.
Tax ID: 12-035-014-01

Containing **62.76** acres, more or less, and including herein any oil and gas rights owned by Lessor beneath adjacent roadways, lakes, creeks, or rivers.

2. It is agreed that this lease shall remain in force for a primary term of three (3) years from the effective date of this lease, and as long thereafter as oil and/or gas is capable of being produced in commercial quantities from the land or from lands pooled or unitized with said lands.

3. Lessee covenants and agrees to pay the following royalties: one-eighth (1/8th) on oil and/or gas, valued at the wellhead, with no deductions, except Lessor's proportional share of taxes levied by Federal, State, and local governments. Lessor's 1/8th royalty will be calculated for royalty payment purposes in proportion to the fractional interest that Lessor's lands included in the pooled unit bear to the total acreage contained within the pooled unit so declared by Lessee.

4. If this lease covers less than the entire undivided interest in the oil and gas in said land, then the royalties and payments due hereunder shall be proportionately reduced.

5. Lessee is hereby granted the right to pool or unitize said land, or any part of said land, with other lands to establish oil and/or gas development units of not more than approximately 640 acres. Lessee may create, enlarge or reform the unit as provided above at any time when in Lessee's sole opinion it is advisable to do so, including the pooling of after acquired leases.

6. This lease and Lessee's operations shall be subject to the laws, rules, regulation and orders of all governmental agencies having jurisdiction, except that nothing therein shall prevent Lessee from declaring larger development units for the production of oil and/or natural gas based upon Lessee's sole geological evaluations of the oil and/or natural gas reservoir.

7. If the estate of either party hereto is assigned, and the privilege of assigning in whole or part is expressly allowed, the covenant and provisions of this lease shall extend to and be binding upon such party's successor and assigns. No assignment by Lessor shall be effective until written notice of the assignment is delivered to Lessee.

8. Lessee agrees to and hereby does defend, indemnify and hold harmless Lessor from and against any demands, claims, and lawsuits made or filed against the Lessor, which arise from Lessee's operations under the terms of this lease.

9. 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 **three (3)** 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 **\$50.00** per net acre for the land then covered by the extended lease. 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 at expiration of the initial primary term of this lease.

10. 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.

EXEMPT from Real Estate Transfer Tax pursuant to MCL 207.505(e) and MCL 207.526(e).

Executed as of the day and year first above written.

LESSOR:

By: _____

By: _____

STATE OF MICHIGAN)
) SS. (Individual Acknowledgment)
COUNTY OF _____)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019 by **City of Ewart, a Michigan municipality**, by _____.

My Commission Expires: _____, _____, Notary Public
Notary in _____ County, Michigan
Acting in _____ County, Michigan

Prepared by: Mathew Maritz, PO Box 1560, Traverse City, MI 49685
Return to: Savoy Energy, L.P., PO Box 1560, Traverse City, MI 49685