

STATE OF MICHIGAN

IN THE OAKLAND COUNTY CIRCUIT COURT
6TH CIRCUIT OF MICHIGAN

DON'T DRILL THE HILLS, INC.,
a Michigan nonprofit corporation,

2014-140827-CH
JUDGE WARREN

Plaintiff,

Case No. 14- -CH

v.

Hon.

CITY OF ROCHESTER HILLS,
a Michigan municipal corporation, and
JORDAN DEVELOPMENT COMPANY, LLC,
a Michigan limited liability company,

Defendants.

LOZEN, KOVAR & LOZEN, P.C.
Timothy J. Lozen (P37683)
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COMPLAINT FOR DECLARATORY RELIEF

There is no other pending or resolved civil action arising out of the transaction or occurrence alleged in this complaint.

Plaintiff, Don't Drill the Hills, Inc. (hereafter "DDHI"), by and through its attorneys, the law offices of LOZEN, KOVAR & LOZEN, P.C., state:

1. Plaintiff, DDHI is a non-profit corporation duly organized and existing under the laws of the State of Michigan for purposes which include taking actions to oppose oil and gas drilling and leasing

in and/or by the City of Rochester Hills and related actions, and its members include members who reside in the City of Rochester Hills and Oakland County.

2. Defendant, City of Rochester Hills (hereafter “City”) is a Michigan municipal corporation located in Oakland County.

3. Defendant, Jordan Development Company, LLC (hereafter “Jordan”), is a Michigan corporation which does business in and leases property in Oakland County.

4. In 2011, a Rochester Hills citizen organization known as Saving Parks and City Environment (“SPACE”) initiated a referendum to amend the City Charter to require voter approval for the sale of or changes in the use of City-owned parks.

5. At the November 8, 2011 election, the voters of Rochester Hills amended the City Charter to add Section 11.8, Parks and Open Spaces, as follows:

“Section 11.8 Parks and open spaces

City-owned parks and open spaces shall be used only for park and open space purposes and shall not be sold, leased, transferred, exchanged or converted to another use unless approved by a majority of votes cast by the electors at an election.

.1 “Converted to another use” means changing the use of a park or open space, or significant part thereof, from a recreation or conservation use to another use not directly related or incidental to public recreation or conservation.

.2 This section shall apply to all present and future City-owned property designated as park or open space in the City's Parks and Recreation Master Plan. The designation of parks or open space shall not be removed or changed without voter approval. The existing use of a park or open space on the effective date of this section shall be considered to be a lawful use for the particular property.

.3 All land acquired by the City with proceeds from the 2005 Millage Proposal to Provide Funding to Permanently Preserve Green Spaces and Natural Features within the City of Rochester Hills shall remain permanently preserved.

(Amd. 11-8-2011)”

6. One of the significant purposes of Charter Section 11.8 is to conserve and protect the land and natural resources at Parks from being converted from a recreation or conservation use to uses not directly related to or incidental to public recreation or conservation.

7. In 2012, Jordan approached the City to enter an oil and gas lease granting Jordan the rights to explore for, and to extract, and sell any oil and gas that may be located beneath Nowicki Park, Tienken Park (herein the “Parks”), and the VanHoosen Jones Stony Creek Cemetery (herein the “Cemetery”), all owned by the City.

8. On December 3, 2012, despite objections by two members of the Rochester Hills City Council and others that voter approval of the Lease was required, the Rochester Hills City Council voted 5-2 to adopt a resolution stating in relevant part:

“RESOLVED that the Rochester Hills City Council hereby approves the proposed Oil and Gas Lease with Jordan Management Company, LLC.

BE IT FURTHER RESOLVED, that any proposed changes in the future language must be brought back for the City Council for review and approval.”

9. On January 15, 2013, the City of Rochester Hills, Mayor, Bryan K. Barnett, signed the Oil And Gas Lease with Jordan attached as **Exhibit A** (hereafter the “Lease”) without the Lease having been presented for approval by voters in the City pursuant to the City Charter provisions at Section 11.8.

10. As of the date of this Complaint, Jordan has not yet begun to drill in Rochester Hills and has not begun to extract any oil or gas pursuant to the Lease.

11. Subsequent to the City signing the Lease, Jordan began using the City’s approval of the Lease as a selling point for why other nearby property owners should also sign leases, and leases were executed by property owners after the City’s Lease was presented to them during the negotiation process.

12. At the January 27, 2014, City Council meeting, Rochester Hills Mayor Barnett told the interested citizens present (including members of DDHI) that Jordan intended to continue with its drilling/exploration in adjacent Auburn Hills over the next 4-6 months and if successful Jordan would pursue additional leases in the City within a year's time.

13. Members of DDHI include: former members of SPACE who were instrumental in having Section 11.8 of the Charter adopted; members who are registered voters in the City of Rochester Hills who were denied their right to vote on the lease; members who use the Parks; members who live within the units in which drilling is proposed; members who live in close proximity to the Parks; members who live in close proximity to and/or have family members buried in the Cemetery; members who live in close proximity to the well drilling sites proposed by Jordan; members who would be directly impacted by the noise, smells, increased traffic, potential spills, and other adverse environmental impacts caused by the proposed oil and gas exploration and production under the Lease (and the leases from other property owners within the proposed pooled units); and members who own property whose value may be negatively impacted.

14. As a matter of law, the City's fee ownership of the Parks and the Cemetery included ownership of all of the oil and gas located within and under the boundaries of the properties.

15. The Lease effectively severed the oil and gas mineral rights owned by the City as part of its fee ownership of the Parks and the Cemetery so that during the 5-year primary term of the Lease, and for as long as a producing well is operated by Jordan, Jordan has the right to remove and sell the oil and gas removed from under the Parks and Cemetery.

16. The Parks are expressly designated in and are part of the City's Parks and Recreation Master Plan 2011 - 2015.

17. An actual controversy exists as to whether the City had the authority, without voter approval, to enter the Lease and whether the Lease is valid.

18. This complaint seeks declaratory relief pursuant to MCR 2.605 and requests that this Honorable Court declare that the Lease:

- a. violates City Charter Section 11.8;
- b. violates MCL 117.5(1)(e); and
- c. is void as an *ultra vires* action of the City.

19. Declaratory relief by this Court is necessary to guide the future conduct of the parties and to clarify their legal rights regarding the Lease.

20. Jurisdiction and venue are appropriate with this Court as the actions and occurrences involved in this complaint occurred in Oakland County and the real properties in question are located in Oakland County.

COUNT I

VIOLATION OF CITY CHARTER SECTION 11.8

21. Plaintiff repeats, realleges and incorporates herein by reference each and every allegation contained in paragraphs 1 through 20 of this Complaint as though fully restated herein.

22. Without voter approval, the City's execution of the Lease, which leased the City's subsurface oil and gas mineral rights, which were part of the City's fee ownership of the Parks, violates the provisions in Charter Section 11.8 that City-owned parks shall not be "leased" without voter approval.

23. The City's execution of the Lease without voter approval violates the provisions in Charter Section 11.8 that City-owned parks "shall be used only for park and open space purposes" because allowing Jordan to use the Parks for oil and gas exploration and the removal and sale of oil and gas produced from the Parks, are not uses for "park and open space purposes".

24. The City's execution of the Lease, which allows the sale of the subsurface oil and gas owned by the City as part of the City's fee ownership of the Parks, violates the provisions in Charter Section 11.8 that City-owned parkland "shall not be sold" without voter approval.

25. The City's execution of the Lease, which allows for subsurface oil and gas exploration, drilling, and removal and sale of oil and gas from the parkland, converts the subsurface portions of the Parks to uses not directly related to public recreation or conservation, and thus violates the provisions in Charter Section 11.8 that prohibit converting portions of a park to uses not directly related to public recreation or conservation.

26. The execution of the Lease in violation of Charter section 11.8 constituted an *ultra vires* action and is void because it was entered without voter approval.

COUNT II

VIOLATION OF MCL 117.5 PROHIBITIONS AGAINST SALE OF CITY OWNED PARKS OR CEMETERIES WITHOUT VOTER APPROVAL

27. Plaintiff repeats, realleges and incorporates herein by reference each and every allegation contained in paragraphs 1 through 26 of this Complaint as though fully restated herein.

28. The City is governed by Michigan's Home Rule City Act, Act 279 of 1909, as amended.

29. The section of the Home Rule City Act at MCL 117.5 expressly states in applicable parts:

"117.5 Prohibited Powers.

Sec. 5.

(1) A city does not have the power to do any of the following:

...

(e)... to sell a park, cemetery, or any part of a park or cemetery, except where the park is not required under an official master plan of the city...unless approved by a majority of the electors voting on the question at a general or special election."

30. The Parks are expressly designated as Parks in the City's Parks & Recreation Master Plan 2011 – 2015 and are required to continue to be designated as parks pursuant to Charter Section 11.8.2, which prohibits parks from being removed from the Master Plan without voter approval.

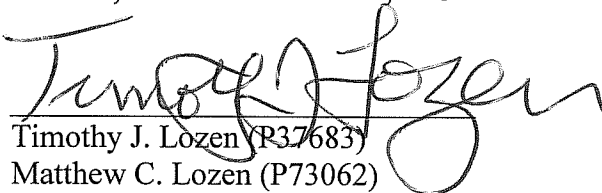
31. The Lease, which severs the oil and gas mineral rights from the City's fee ownership of the Parks and the Cemetery, transfers the City's oil and gas mineral rights ownership to Jordan, and allows Jordan to remove and sell the oil and gas from the City's property, constitutes a "sale" of a part of the City's fee ownership of the Parks and Cemetery so that the execution of the Lease violated the provisions of MCL 117.5(1)(e) which provide that a city does not have the power "to sell a park or cemetery, **or any part of a park or cemetery**" without voter approval.

32. The execution of the Lease in violation of the Home Rule City Act provisions at MCL 117.5(1)(e) constituted an *ultra vires* action and is void because it was entered without voter approval.

WHEREFORE, Plaintiff requests that this Honorable Court declare:

- A. That the Lease be declared void as a violation of City Charter Section 11.8;
- B. That the Lease be declared void as a violation of MCL 117.5;
- C. That the lease be declared void as an unauthorized, *ultra vires* action of the City.
- D. That DDHI be awarded its costs and attorney fees in bringing this action; and
- E. That this Honorable Court provide such further and other relief it deems appropriate.

LOZEN, KOVAR & LOZEN, P.C.



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Dated: May 15, 2014

EXHIBIT A

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

THIS AGREEMENT is made as of the 15th day of JANUARY, 2017, 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
49696 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 61.32 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 \$1.00 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.

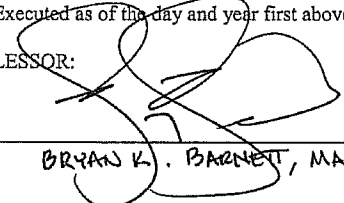
17. All written notices permitted or required by this lease to be given Lessor and Lessee herein shall be at their respective addresses listed hereinabove, shall be by certified United States mail, and shall identify this lease by date, parties, description and recording data; provided that either party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

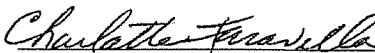
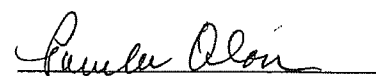
18. In the event any one or more of the provisions contained in this lease shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this lease.

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:


BRYAN K. BARNETT, MAYOR FOR
CITY OF ROCHESTER HILLS

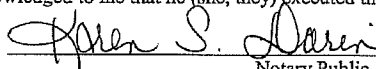
STATE OF MICHIGAN

)
) SS (Acknowledgment)

COUNTY OF Oakland

2013 (KSD)

On this 15th day of JANUARY, 2013, before me personally appeared BRYAN K. BARNETT 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: 11-26-2013

Acting in Oakland County, MI
For OAKLAND County, MI

RETURN RECORDED COPY TO: 1503 Garfield Road North Traverse City, MI 496860

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

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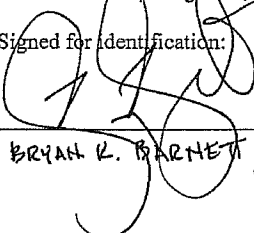
KAREN S. DARIN
NOTARY PUBLIC, STATE OF MICHIGAN
COUNTY OF OAKLAND
MY COMMISSION EXPIRES 11-26-2013
ACTING IN THE COUNTY OF OAKLAND

EXHIBIT A TO OIL AND GAS LEASE

This Exhibit A is attached to and made a part thereof of that certain Oil and Gas Lease dated JANUARY 15, 2013 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 right of entry and shall conduct no operations on the surface of the leased premises without further official approval of the City Council and compliance, as necessary, with applicable ordinance or charter requirements. Stated another way, Lessee shall not erect, construct, store or maintain any wells, drill rig, storage tanks, pumps, pipes, or other in-ground or above-ground structures, facilities or equipment on the leased premises; Lessee, through its operations, shall not disrupt, interfere with, restrict, drain, damage, destroy or remove any natural or man-made condition, feature or improvement located on the leased premises; nor shall Lessee's operations hinder, interfere with, restrict or otherwise adversely affect the current or future use and development of the leased premises for parks, open space and public recreation without further official approval of the City Council and compliance, as necessary, with applicable ordinance or charter requirements.
4. This lease covers oil, gas and related hydrocarbons only. No other minerals are to be considered part of this lease.
5. Lessee or West Bay Exploration Company shall at all times be the operator, as that term is generally construed or defined in the usual joint operating agreement or other standard oil field contract, for all exploration and production activities and all other activities under this Lease. With the exception of West Bay Exploration, Lessee shall not assign the operations, in whole or in part, to anyone other than a financially responsible, experienced and competent operator acceptable to Lessor and pursuant to Lessor's prior written approval, which approval shall not be unreasonably withheld.
6. Lessor has the right to examine and/or audit, at its sole expense and at Lessee's office, Lessee's accounts and books in connection with the payments to be made under this lease not more than once per year.
7. If at the end of the primary term a portion of the leased premises is pooled or unitized with lands that are not a portion of the leased premises so as to form a pooled unit or units, then operations on, completion of a well on, or production from such unit or units will not maintain this Lease in force as to that portion of the leased premises not included in such pooled unit or units.
8. Lessee shall commence paying royalties to Lessor within ninety (90) days after the well is completed as a producing oil well and marketed and within ninety (90) days after a gas well is connected with a pipeline and marketed, and shall continue to promptly pay all royalties no later than sixty (60) days past the last day of the month in which the royalty products were produced and payment has been received by Lessee from the respective purchaser(s). On any and all royalties which are not paid in accordance with the provisions of this paragraph, Lessee shall pay to Lessor interest at the rate of 10% per annum.

Signed for identification:


BRYAN K. BARNETT, MAYOR

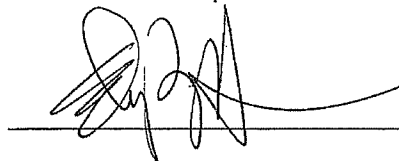


EXHIBIT 1

LEGAL DESCRIPTION

This Exhibit 1 is attached to and made a part thereof of that certain Oil and Gas Lease dated JANUARY 15, 2013 entered into between the City of Rochester Hills, as Lessor, and Jordan Development Company, L.L.C., as Lessee

1) Nowicki Park (combined parcel)

Part of Northwest 1/4 of Section 8, Township 3 North, Range 11 East, City of Rochester Hills, Oakland County, Michigan described as: The South 35 acres of North 50.79 acres of West 1087.60 feet of said section 8, containing 35.0 acres more or less.

70-15-08-100-006, 70-15-08-100-007, 70-15-08-100-008, 70-15-08-151-001, 70-15-08-151-002

2) Tienken Road Park

Part of west 1/2 OF Southeast 1/4 of Section 6, Township 3 North, Range 11 East, City of Rochester Hills, Oakland County, Michigan described as: Beginning at a point on South section line East 612.00 feet from South 1/4 Corner, thence South 89-41-00 East on section line 564.00 Feet, thence North 03-12-40 West 783.00 Feet, thence N 89-41-00 West 564.00 FT, thence South 03-12-40 East 783.00 Feet to the point of beginning, containing 10.0 acres.

70-15-06-400-003

3) Van Hoosen Jones Stony Creek Cemetery

Part of the Northeast 1/4 of Section 11, Township 3 North, Range 11 East, City of Rochester, Oakland County, Michigan, being more particularly described as follows: Beginning at the North 1/4 corner of Section 11, thence South 02-18-03.6 West, 853.64 feet; thence South 02-31-29.4 West, 340.66 feet; thence North 89-04-50 East, 603.91 feet; thence North 02-26-16.9 East, 1162.61 feet; thence North 87-54-37.5 West, 604.41 feet to the beginning, and containing 16.32 acres.

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

THIS AGREEMENT is made as of the 15th day of JANUARY, 2017, Lease No. _____ 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 49696** 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 61.32 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 \$1.00 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.

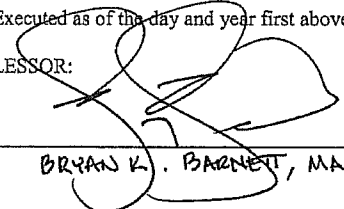
17. All written notices permitted or required by this lease to be given Lessor and Lessee herein shall be at their respective addresses listed hereinabove, shall be by certified United States mail, and shall identify this lease by date, parties, description and recording data; provided that either party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

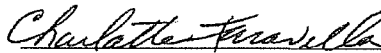
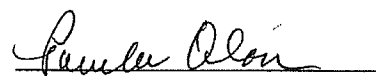
18. In the event any one or more of the provisions contained in this lease shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this lease.

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:


BRYAN K. BARNETT, Mayor for
CITY OF ROCHESTER HILLS

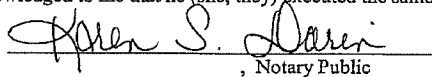
STATE OF MICHIGAN

)
) SS (Acknowledgment)

COUNTY OF Oakland

2013 (KSP)

On this 15th day of JANUARY, 2013, before me personally appeared BRYAN K. BARNETT 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: 11-26-2013

Acting in Oakland County, MI
For OAKLAND County, MI

RETURN RECORDED COPY TO: 1503 Garfield Road North Traverse City, MI 496860

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

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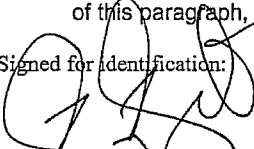
KAREN S. DARIN
NOTARY PUBLIC, STATE OF MICHIGAN
COUNTY OF OAKLAND
MY COMMISSION EXPIRES 11-26-2013
ACTING IN THE COUNTY OF OAKLAND

EXHIBIT A TO OIL AND GAS LEASE

This Exhibit A is attached to and made a part thereof of that certain Oil and Gas Lease dated JANUARY 15, 2013 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 right of entry and shall conduct no operations on the surface of the leased premises without further official approval of the City Council and compliance, as necessary, with applicable ordinance or charter requirements. Stated another way, Lessee shall not erect, construct, store or maintain any wells, drill rig, storage tanks, pumps, pipes, or other in-ground or above-ground structures, facilities or equipment on the leased premises; Lessee, through its operations, shall not disrupt, interfere with, restrict, drain, damage, destroy or remove any natural or man-made condition, feature or improvement located on the leased premises; nor shall Lessee's operations hinder, interfere with, restrict or otherwise adversely affect the current or future use and development of the leased premises for parks, open space and public recreation without further official approval of the City Council and compliance, as necessary, with applicable ordinance or charter requirements.
4. This lease covers oil, gas and related hydrocarbons only. No other minerals are to be considered part of this lease.
5. Lessee or West Bay Exploration Company shall at all times be the operator, as that term is generally construed or defined in the usual joint operating agreement or other standard oil field contract, for all exploration and production activities and all other activities under this Lease. With the exception of West Bay Exploration, Lessee shall not assign the operations, in whole or in part, to anyone other than a financially responsible, experienced and competent operator acceptable to Lessor and pursuant to Lessor's prior written approval, which approval shall not be unreasonably withheld.
6. Lessor has the right to examine and/or audit, at its sole expense and at Lessee's office, Lessee's accounts and books in connection with the payments to be made under this lease not more than once per year.
7. If at the end of the primary term a portion of the leased premises is pooled or unitized with lands that are not a portion of the leased premises so as to form a pooled unit or units, then operations on, completion of a well on, or production from such unit or units will not maintain this Lease in force as to that portion of the leased premises not included in such pooled unit or units.
8. Lessee shall commence paying royalties to Lessor within ninety (90) days after the well is completed as a producing oil well and marketed and within ninety (90) days after a gas well is connected with a pipeline and marketed, and shall continue to promptly pay all royalties no later than sixty (60) days past the last day of the month in which the royalty products were produced and payment has been received by Lessee from the respective purchaser(s). On any and all royalties which are not paid in accordance with the provisions of this paragraph, Lessee shall pay to Lessor interest at the rate of 10% per annum.

Signed for identification:


BRYAN R. BARNETT, MAYOR

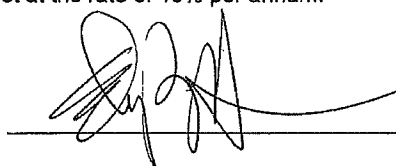


EXHIBIT 1

LEGAL DESCRIPTION

This Exhibit 1 is attached to and made a part thereof of that certain Oil and Gas Lease dated JANUARY 15, 2013 entered into between the City of Rochester Hills, as Lessor, and Jordan Development Company, L.L.C., as Lessee

1) Nowicki Park (combined parcel)

Part of Northwest 1/4 of Section 8, Township 3 North, Range 11 East, City of Rochester Hills, Oakland County, Michigan described as: The South 35 acres of North 50.79 acres of West 1087.60 feet of said section 8, containing 35.0 acres more or less.

70-15-08-100-006, 70-15-08-100-007, 70-15-08-100-008, 70-15-08-151-001, 70-15-08-151-002

2) Tienken Road Park

Part of west 1/2 OF Southeast 1/4 of Section 6, Township 3 North, Range 11 East, City of Rochester Hills, Oakland County, Michigan described as: Beginning at a point on South section line East 612.00 feet from South 1/4 Corner, thence South 89-41-00 East on section line 564.00 Feet, thence North 03-12-40 West 783.00 Feet, thence N 89-41-00 West 564.00 FT, thence South 03-12-40 East 783.00 Feet to the point of beginning, containing 10.0 acres.

70-15-06-400-003

3) Van Hoosen Jones Stony Creek Cemetery

Part of the Northeast 1/4 of Section 11, Township 3 North, Range 11 East, City of Rochester, Oakland County, Michigan, being more particularly described as follows: Beginning at the North 1/4 corner of Section 11, thence South 02-18-03.6 West, 853.64 feet; thence South 02-31-29.4 West, 340.66 feet; thence North 89-04-50 East, 603.91 feet; thence North 02-26-16.9 East, 1162.61 feet; thence North 87-54-37.5 West, 604.41 feet to the beginning, and containing 16.32 acres.