

DATE: FEBRUARY 22, 2011

CLERK: MARY BETH BAILEY

MASSILLON CITY COUNCIL
CITY OF MASSILLON, OHIO
GLENN E. GAMBER, PRESIDENT

COUNCIL CHAMBERS

LEGISLATIVE DEPARTMENT

AMENDED
ORDINANCE NO. 25 - 2011

BY: PUBLIC UTILITIES COMMITTEE

TITLE: AN ORDINANCE authorizing the Director of Public Service and Safety of the City of Massillon, Ohio, to enter into a Non-Surface Development Gas & Oil Lease with Lake Region Oil, Inc., for approximately 5 acres of real estate owned by the City of Massillon, and declaring an emergency.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF MASSILLON, STATE OF OHIO, THAT:

Section 1:

The Council of the City of Massillon, Ohio, hereby determines it to be necessary in the public health, safety and welfare to enter into a Non-Surface Development Gas & Oil Lease with Lake Region Oil, Inc., for approximately 5 acres of real estate owned by the City of Massillon.

Section 2:

The Director of Public Service and Safety of the City of Massillon, Ohio, is hereby authorized to enter into a Non-Surface Development Gas & Oil Lease with Lake Region Oil, Inc., for approximately 5 acres of real estate owned by the City of Massillon. A copy of the Non-Surface Development Oil & Gas Lease and map is attached hereto as Exhibit "A".

Section 3:

This Ordinance is hereby declared to be an emergency measure necessary for the preservation of the health, safety and welfare of the community and for the additional reason that it is necessary that this oil and gas lease is signed. Provided it receives the affirmative vote of two-thirds of the elected members to Council, it shall take effect and be in force immediately upon its passage and approval by the Mayor. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

NON-DRILLING AND NON-SURFACE TRESPASS
OIL & GAS LEASE

THIS LEASE, made this ____ day of _____ 2011, by and between

City of Massillon
151 Lincoln Way E
Massillon, OH 44646

hereinafter called the Lessor, and Lake Region Oil, Inc, P. O. Box 499, Dalton, Ohio 44618, hereinafter
called the Lessee, do agree:

1. Lessor, for consideration, grants Lessee all the oil and gas in the lands described below, with the exclusive rights to operate for, produce and market the same from a well or wells on other lands; the right to unitize Lessor's lands, or any portion, with other lands into a drilling unit(s). This lease is to be for 5 year(s), and as long thereafter as operations are being conducted on any such unit or oil or gas can be produced in paying quantities in Lessee's judgment from any such unit.

This lease is for the following lessee's land located in the City of Massillon(formerly Perry Township), County of Stark, State of Ohio and containing 5.0 acres , more or less and described as follows: See Exhibits "A" and "B" attached hereto and made a part hereof.

2. Lessor shall be paid as royalties a proportional share of one-eighth (1/8) of "Proceeds Realized" on all the oil and gas produced and marketed from each well drilled and unitized, as the amount of the Lessor's acreage in the unit bears to total acreage in the unit, the same to be paid by the end of the next month following Lessee's receipt of payment for same, less any tax imposed by any government body, including but not limited to the severance tax. "Proceeds Realized" shall mean the price received by Lessee for oil and gas marketed and sold at the delivery point less any charges for transportation, dehydration, compression and marketing paid by Lessee to deliver the oil and gas for sale.

3. No well shall be drilled on Lessor's property, nor shall Lessee enter upon or install any installation of any nature whatsoever on the leased property, the within Lease being granted solely for the purpose of permitting the Lessee to unitize the leased property with other properties, which other properties shall bear all the burden of development.

4. This Lease shall be binding on all heirs, successors, and assigns of Lessor and Lessee. If the leased land is hereinafter owned in separate tracts, the premises, nevertheless, shall be treated as an entirety and all payments due shall be paid proportionally (on an acreage basis) to each separate owner, and if Lessor owns less than the entire fee, Lessor shall be paid only his proportional share of any payment due. Lessee may at any time surrender this Lease in whole or in part.

5. No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on Lessee until after notice to the Lessee either by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of such original instrument or a duly certified copy thereof to the Lessee.

6. In the event Lessor considers Lessee has not complied with its expressed or implied obligations hereunder, Lessor shall notify Lessee in writing indicating specifically what Lessee allegedly has breached. Lessee shall have 30 days after receipt of said notice to meet or commence to meet any part of the breach alleged by Lessor. Lessor shall not bring any action against Lessee until 30 days after service of such notice on Lessee.

7. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that Lessee, at its option, may pay and discharge any taxes, mortgages, or other liens levied, or assessed on or against the said lands and, in the event it exercises such option, it shall be subrogated to the rights of any holder or holders, thereof and may reimburse itself for any payments due hereunder. This lease contains all the agreements of the parties, and there shall be no implied covenants or verbal representations.

IN WITNESS WHEREOF, the undersigned have executed this instrument on the date appearing above.

Signed and acknowledged in the presence of:

Signature of Lessor
City of Massillon:

Lessor Signature

Lessor Printed Name

Signature of Lessee
Lake Region Oil Inc:

By: _____

Title: President

Notary Public and Witness To all Signatures:

STATE OF OHIO)
COUNTY OF _____) SS:

The foregoing instrument was acknowledged before me this ____ day of _____, 2011

by _____
Name and Title

Notary Public
My Commission Expires:

STATE OF OHIO)
COUNTY OF _____) SS:

The foregoing instrument was acknowledged before me this ____ day of _____, 2011

by _____
Name and Title

Notary Public
My Commission Expires:

This instrument prepared by: Lake Region Oil, Inc., P. O. Box 499, Dalton, OH 44618

PROPERTY DESCRIPTION

Attached hereto and made a part here of that certain Non-Development Oil and Gas Lease from the City of Massillon, as lessor and Lake Region Oil Company, as Lessee, dated the _____ day of _____, 2011.

Situated in the City of Massillon, County of Stark, and State of Ohio:

Being part of 3 roads within the City of Massillon, Section 19, Township 10 North of Range 9 West (formerly Perry Township), and being more particularly described as follows:

9th Street SW (40')

Beginning at a point of intersection between the southeast corner of Parcel 0500292, which is now or formerly owned by James and Katherine Zimmer and the northeast corner of Parcel 0500198 which is now or formerly owned by KEM Investments and 9th Street SW (approximately 950 feet northeast of Albrecht Street SW) and extending northeasterly approximately 1760 feet to the intersection of Sanders Avenue SW. Including the entire width of Right-of-Way for the said 1760 feet of distance.

And containing 1.6 Acre of land more or less as described by Jeffrey R. Gaul, Ohio Registered Surveyor Number 6860 in January 2011.

Industrial Avenue SW (60')

Beginning at the west line of the intersection with 9th Street SW and extending west approximately 1220 feet to the intersection of Bostic (and including that intersection). Including the entire width of the Right-of-Way for the said 1220 feet of distance.

And containing 1.7 Acre of land more or less as described by Jeffrey R. Gaul, Ohio Registered Surveyor Number 6860 in January 2011.

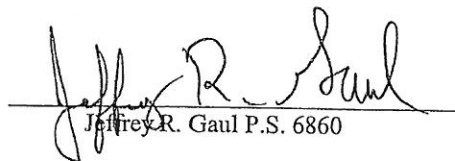
Bostic Boulevard SW (60')

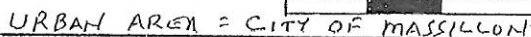
Beginning at the north line of the intersection with Industrial Avenue SW and extending north approximately 1250 feet to the easterly extension of the south line of Parcel 0616813, which is now or formerly owned by E-B Display Company, Inc.. Including the entire width of the Right-of-Way for the said 1250 feet of distance.

And containing 1.7 Acre of land more or less as described by Jeffrey R. Gaul, Ohio Registered Surveyor Number 6860 in January 2011.

Total Area = 5.0 Acres




Jeffrey R. Gaul P.S. 6860



JEFFREY R. GAUL RS 6860

ROBERT DERVIN, ~~NOTARY PUBLIC~~
NOTARY PUBLIC, STATE OF OHIO
Notary Public, State of Ohio

MINERALS PSR L.L.C.
WELL NO. 7 DRILLING UNIT AC.
COUNTY STARK
TOWNSHIP PERRY TWP (CITY OF MASSILLON)
OHIO PLANE CO-ORDINATES (NORTH ZONE)
X 404,550 Y 2267,230

SCALE: 1" = 400'
ELEV. 990 DATE 1/10/11