

OIL AND GAS LEASE

Form O&G (83-1)

THIS AGREEMENT, made and entered into this 13th day of September, 2001, by and between

Russell W. Pallack, (a widower, not remarried)
2851 Pine Road
Atlantic, PA 16111

724-253-4950
(Phone)

hereinafter called the Lessor, and Atlas America, Inc.

311 Rouser Road, P.O. Box 611, Moon Township, PA 15108

hereinafter called the Lessee, WITNESSETH:

1. That the Lessor, for and in consideration of one dollar (\$1.00) and other valuable consideration in hand paid by the Lessee, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, does hereby lease and let exclusively unto the Lessee, for the purpose of drilling, operation for, producing and removing oil and gas and all the constituents thereof, and of injecting air, gas, brine and other substances from any source and into any subsurface strata, other than potable water strata and workable coal strata, (including but not limited to the right to inject any wells on the leasehold property and to otherwise conduct all such secondary or tertiary operations as may be required in the opinion of the Lessee, and to transport by pipelines or otherwise across and through said lands oil, gas and their constituents from the subject lands, regardless of the source of such gas or the location of the wells, which right to transport gas across the leasehold premises shall survive the term of this lease for so long as the transportation of such gas may be desired by the Lessee, and of placing of tanks, equipment, roads and structures thereon to procure and operate for the said products, together with the right to enter into and upon the leased premises at all times for the aforesaid

purposes, being all that certain tract of land situated in Section/Lot/District No. 2710-003 of Greenwood Township Crawford County, PA

North by lands of n/f: See Exhibit "B" for Legal Description of Premises

East by lands of n/f:

South by lands of n/f:

West by lands of n/f:

being all the property owned by Lessor or to which the Lessor may have any rights in said Section/Lot/District or adjoining Sections/Lots/Districts, containing 736.5 acres, more or less, and being the property described in Deed Volume 578 Page 715 of the Crawford County Record of Deeds.

2. This lease shall continue in force and the rights granted hereunder be quietly enjoyed by the Lessee for a term of 10 years and so much longer thereafter as oil or gas or their constituents are produced or are capable of being produced on the premises in paying quantities, in the judgment of the Lessee, or as the premises shall be operated by the Lessee in the search for oil or gas and as provided in Paragraph 7 following.

3. This lease, however, shall become null and void and all rights of either party hereunder shall cease and terminate unless, within one (1) months from the date hereof, a well shall be commenced on the premises, or unless the Lessee shall thereafter pay a delay rental of \$10,000.00 Dollars, to be paid quarterly until the commencement of the well. A well shall be deemed commenced when preparations for drilling have been commenced.

4. In consideration of the premises the Lessee covenants and agrees:

- (A) To deliver to the credit of the Lessor in tanks or pipelines as royalty, free of cost, the equal one-eighth (1/8) part of all oil produced and saved from the premises, or at Lessee's option to pay Lessor the market price for such one-eighth (1/8) royalty oil at the published rate for oil of like grade and gravity prevailing on the date such oil is run into tanks or pipelines.
(B) To pay to the Lessor, as royalty for the gas marketed and used off the premises and produced from each well drilled thereon, the sum of one-eighth (1/8) of the price paid to Lessee per thousand cubic feet of such gas so marketed and used, measured in accordance with Boyle's Law for the measurement of gas at varying pressures, on the basis of 10 ounces above 14.73 pounds atmospheric pressure, at a standard base temperature of 60° Fahrenheit and stipulated flowing temperature of 60° Fahrenheit, without allowance for temperature and barometric variations less any charges for transportation or compression paid by Lessee to deliver the gas for sale. Payment of royalty for gas marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee.
(C) Lessee to deduct from payments in (A) and (B) above from receipts of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.
(D) In the event Lessee does not sell the gas to others, Lessor shall be paid on the basis of the lowest (paid) market price paid by any public utility in the state at the well head for gas of like kind and quality, and on the same basis that such utility would pay for such gas, including any escalation in price that such utility would pay for such gas as if a contract for the sale of same had been entered into at the time of initial production.

5. All money due under this lease shall be paid or tendered to the Lessor by check made payable to the order of and mailed to same as above

and the said named person shall continue as Lessor's agent to receive any and all sums payable under this lease regardless of changes in ownership in the premises, or of the oil or gas or their constituents, or in the rentals or royalties accruing hereunder until delivery to the Lessee of notice of change of ownership as hereinafter provided.

6. The Lessor may, at Lessor's sole risk and cost, lay a pipeline to any one gas well on the premises, and take gas produced from said well for domestic use in one dwelling house on the leased premises, at Lessor's sole risk, subject to the use and the right of abandonment of the well by the Lessee, and subject to any curtailments or shut-in by any purchaser of the gas. The first 100 hundred thousand cubic feet of gas taken each year shall be free of cost, but all gas in excess of 100 hundred thousand cubic feet of gas taken in each year shall be paid for at the last published rates of the gas utility in the town or area nearest to the leased premises or the field market rate, whichever is higher. Lessor to lay and maintain the pipeline and furnish regulators and other necessary equipment at Lessor's expense. Lessor shall also, at the request of Lessee, install a meter to measure said gas. This privilege is upon the condition precedent that the Lessor shall subscribe to and be bound by the reasonable rules and regulations of the Lessee relating to the use of free gas, and Lessor shall maintain the said pipeline, regulators and equipment in good repair and free of all gas leaks and operate the same so as not to cause waste or unnecessary leaks of gas. If the Lessor shall take excess gas as aforesaid in any year and fail to pay for the same, the Lessee may deduct payment for such excess gas from any rentals or royalties accruing to the Lessor hereunder. Lessor acknowledges that he has been advised as to the risks inherent in the taking of gas in this manner, and Lessor agrees to assume all such risks whether same be caused by Lessor's lines or equipment, or whether same be caused by Lessee's equipment or well operation; and Lessor agrees to hold Lessee and the well operator and all parties in interest in any well on the leasehold premises harmless from any claims of any nature whatsoever which may arise by the usage of gas from any such well by Lessor, his heirs, executors, administrators and assigns. Lessor further agrees that upon the sale or transfer of the leasehold premises wherein someone other than the Lessor is entitled to take the gas under this Paragraph 6, that the gas supply will be terminated by Lessee until the Buyer of the property executes an agreement regarding the usage of the gas in the same form as the within agreement. In the absence of such an agreement free gas under this provision shall terminate, the within right of free gas not being assignable without the consent of the Lessee.

7. In the event a well drilled hereunder is a dry hole and is plugged according to law, this lease shall become null and void and all rights of either party hereunder shall cease and terminate, unless within twelve (12) months from the date of the completion of the plugging of such well, the Lessee shall commence another well, or unless the Lessee after the termination of said twelve month period resumes the payment of delay rental as hereinabove provided.

8. In the event a well drilled hereunder is a producing well and the Lessee is unable to market the production therefrom, or should production cease from a producing well drilled on the premises, or should the Lessee desire to shut in producing wells, the Lessee agrees to pay the Lessor, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, an advance royalty in the amount and under the terms hereinabove provided for delay rental until production is marketed and sold off the premises or such well is plugged and abandoned according to law. In the event no delay rentals are stated, the advance royalty payable hereunder shall be made on the basis of \$1.00 per acre per year.

9. The consideration, land rentals or royalties paid and to be paid, as herein provided, are and will be accepted by the Lessor as adequate and full consideration for the rights herein granted to the Lessee, and the further right of drilling or not drilling on the leased premises, whether to offset producing wells on adjacent or adjoining lands or otherwise as the Lessee may elect.

10. The Lessor hereby grants to the Lessee the right at any time to consolidate the leased premises or any part thereof or strata therein with other lands to form an oil and gas development unit or units of not more than 80 acres, or such larger unit as may be required by state law or regulation for the purpose of drilling a well thereon, but the Lessee shall in no event be required to drill more than one well on any such unit or units. Any well drilled on said development unit or units whether or not located on the leased premises, shall nevertheless be deemed to be located upon the leased premises within the meaning and for the provisions and covenants of this lease to the same effect as if all the lands comprising said unit or units were described in and subject to this lease; provided, however, that only the owner of the lands on which such well is located may take gas for use in one dwelling house on such owner's lands in accordance with the provisions of this lease, and provided further that the Lessor agrees to accept, in lieu of the one-eighth (1/8) oil and gas royalty hereinbefore provided, that proportion of such one-eighth (1/8) royalty which the acreage consolidated bears to the total number of acres comprising said development unit or units. The Lessee shall effect such consolidation by executing a declaration of consolidation with the same formality as this oil and gas lease setting forth the leases or portions thereof consolidated, the royalty distribution and recording the same in the recorder's office at the courthouse in the county in which the leased premises are located and by mailing a copy thereof to the Lessor at the address hereinabove set forth unless the Lessee is furnished with another address. If the well on said development unit or units shall thereafter be shut in, the well rental for shut-in royalty hereinbefore provided for such use shall be payable to the owners of the parcels of land comprising said unit or units in the proportion that the acreage of each parcel bears to the entire acreage consolidated. Lessee shall have the right to amend, alter or correct any such consolidation at any time in the same manner as herein provided.

11. In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

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

13. The Lessee shall have the right to assign and transfer the within lease in whole or in part, and Lessor waives notice of any assignment or transfer of the within lease. Failure of payment of rental or royalty on any part of this lease shall not void this lease as to any other part. Lessor agrees that when and if the within lease is assigned, the Lessee herein shall have no further obligations hereunder. The Lessor further grants to the Lessee, for the protection of the Lessee's interest hereunder, the right to pay and satisfy any claim or lien against the Lessor's interest in the premises as herein leased and thereupon to become subrogated to the rights of such claimant or lien holder, and the right to direct payment of all rentals and royalties to apply to the payment of any existing liens on the premises. Lessee shall not assign this lease to any other operating company without Lessor's written consent.

14. The Lessee shall duly, when so requested by the Lessor, all pipelines used to conduct oil or gas to, on, through and off the premises and pay all damages to growing crops caused by operations under this lease. Lessee agrees to restore the premises in accordance with state laws. No well shall be drilled within 200 feet of any existing barn or dwelling.

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176  
177

15. The Lessee shall have the privilege of using sufficient oil, gas and water for operating on the premises and the right at any time during or after the expiration of this lease to remove all pipe, well casing, machinery, equipment or fixtures placed on the premises. The Lessee shall have the right to surrender this lease or any portion thereof by written notice to the Lessor describing the portion which it elects to surrender, or by returning the lease to the Lessor with the endorsement of surrender hereof, or by recording the surrender or partial surrender of this lease, any of which shall be a full and legal surrender of this lease as to all of the premises or such portion thereof as the surrender shall indicate and a cancellation of all liabilities under the same of each and all parties hereto relating in any way to the portion or all the premises indicated on said surrender, and the land rental hereinbefore set forth shall be reduced in proportion to the acreage surrendered.

16. In the event the Lessee is unable to perform any of the acts to be performed by the Lessee by reason of force majeure, including but not limited to acts of God, strikes, riots, and governmental restrictions including but not limited to restrictions on the use of roads, this lease shall nevertheless remain in full force and effect until the Lessee can perform said act or acts and in no event shall the within lease expire for a period of ninety days after the termination of any force majeure.

17. In the event Lessor considers that Lessee has not complied with any of its obligations hereunder, either express or implied, Lessor shall notify Lessee in writing setting out specifically in what respects Lessee has breached this contract. Lessee shall then have thirty (30) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice shall be precedent to the bringing of any action by Lessor on said lease for any cause, and no such action shall be brought until the lapse of thirty (30) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any part of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder.

18. In consideration of the acceptance of this lease by the Lessee the Lessor agrees for himself and his heirs, successors and assigns, that no other lease for the ~~lands~~ covered by this lease shall be granted by the Lessor during the term of this lease or any extension or renewal thereof granted to the Lessee herein.

19. All covenants and conditions between the parties hereto shall extend to their heirs, personal representatives, successors and assigns, and the Lessor hereby warrants and agrees to defend the title to the lands herein described. It is mutually agreed that this instrument contains and expresses all of the agreements and understandings of the parties in regard to the subject matter thereof, and no implied covenant, agreement or obligation shall be read into this agreement or imposed upon the parties or either of them. Lessor further agrees to sign such additional documents as may be reasonably requested by Lessee to perfect Lessee's title to the oil and gas leased herein and such other documents relating to the sale of production as may be required by Lessee's proffers.

Oil and Gas  
RWF  
PAC

See Exhibit "A" and "B" for additional terms and conditions for this lease.

IN WITNESS WHEREOF the Lessors have hereunto set their hands.  
Signed and acknowledged in the presence of: *[Signature]* Signatures

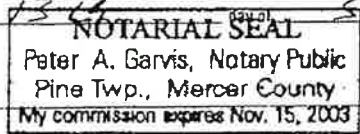
Social Security or Tax ID No. ~~REDACTED~~

STATE OF Pennsylvania  
COUNTY OF Crawford SS:

INDIVIDUAL

Before me a Notary Public in and for said county and state personally appeared the above named Russell W. Pallack  
(a widower, not remarried)  
who acknowledged to me that he did execute the foregoing instrument and that the same is his free act and deed for the purposes therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal at Greenwood Township, Crawford Co.  
this 13th day of September, 192001



*[Signature]*  
Notary Public

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_ SS:

CORPORATION

Before me a Notary Public in and for said county and state personally appeared \_\_\_\_\_  
and \_\_\_\_\_ the President and  
Secretary, respectively, of

\_\_\_\_\_ the above named corporation.  
who acknowledged to me that they did execute the foregoing instrument for and on behalf of said corporation, pursuant to authority so to do duly conferred on them by the Board of Directors of said corporation and that the same is the free act and deed of said corporation and of themselves as such officers, for the uses and purposes therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal at \_\_\_\_\_  
this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_

Notary Public

This instrument was prepared by:  
ATLAS RESOURCES, INC.  
311 Rouser Road, P.O. Box 611, Moon Township, PA 15108

No. _____	Acres _____	From _____	To _____	Date _____ 19____	Terms _____ Years _____	Located _____	Rec'd for Record _____ 19____	Recorded _____ 19____	Book _____	Page _____	County Recorder _____
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EXHIBIT "A"

TO THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN  
ATLAS AMERICA, INC.; LESSEE

AND

Russell W. Pallack (a widower, not remarried) LESSOR  
With property being located at  
Section 2710-003, Greenwood Township, Crawford Co. PA

September 13, 2001

All terms in this exhibit to this lease shall be controlling, and to the extent they shall conflict with or are inconsistent with the provisions in said lease, they shall be deemed modifications, supplements, and amendments to the terms of the aforescribed lease.

1. Regarding the right of storage of oil, gas, brine or their constituents on the leased premises, it is expressly understood and agreed that Lessee shall have no right of storage whatsoever of any product or supply in or under the leased premises, whether or not the same be a part of a pool.
2. Notwithstanding any provisions of the Lease covering the term thereof, that the original term shall be for a period of two (2) years from the date hereof and that any extension of the term beyond said two (2) year period shall require the actual commencement of drilling and the diligent prosecution thereof or the actual production and sale of production and then only for such an additional extended term as said activities are being undertaken. Ref: paragraph #3 of Lease. RWP PAB  
"Production" for the purposes hereof shall be deemed to mean normal operations within the industry of a producing well. It being agreed that Lessee will have 6 months from the completion of a well to begin production. The lease will remain in effect beyond such six months, providing Lessee pays an advanced royalty as stipulated in paragraph #5 below.
3. Should Lessee drill a well on the leased premises, which extends the term of the lease beyond the aforementioned two (2) year term, then Lessee hereby agrees to drill at least one additional well per year until the leased premises is fully developed on a eighty (80) acre well spacing. If Lessee fails to meet schedule as set forth above, then at Lessor's request, Lessee will deliver to Lessor a written release for all acreage left undeveloped. It being understood that Lessee shall earn 80 acres (developed acreage) with each well it drills. Said 80 acres dedicated to the drilled well shall be designated by Lessee.
4. The Lessee shall execute any and all documents and agreements necessary to enable successors in title and interest to Lessor to obtain the benefits of the provisions hereof including without limitation, rentals, royalties, and free gas to the extent that Lessor has conveyed such rights.
5. If any well is shut in for reasons within Lessee's control, then an advance royalty of \$100.00 per month shall be paid by Lessee to Lessor as a shut-in Royalty, starting six months from the time the well is shut-in.
6. Upon the expiration or termination of the term of this lease, all property of the Lessee, its contractors, or subcontractors, shall be removed from the leased premises within ninety (90) working days, weather and roadways permitting, of said termination or expiration of the same, or it shall be deemed to have been abandoned and become property of the Lessor.
7. Notwithstanding any provisions in the Lease to the contrary, the Lessee shall be responsible to Lessor's for all damages to growing crops, fences, building, springs, lakes, water wells for all uses upon the leased premises and all damage to the surface of Lessor's property and improvements situate thereon. Lessee agrees to test Lessor's water before and after drilling operations and to repair or replace any well(s) damaged. If it is necessary to replace a well, then a reasonable attempt shall be made to replace it with a new water well(s) of equal or greater volume than prior existing well(s) if it is determined that water was affected due to Lessee's drilling operations. Lessee also agrees to supply Lessor's with potable water until such time as water supply is restored. Any trees of eight inches (8") or larger in diameter which must be cut during Lessee's operations will be left for Lessor's use. The Lessee shall not commit or permit waste of Lessor's property to occur during the term hereof.
8. Lessee shall not cause or permit the discharge of any water or any other waste material from drilling operations or any other activity upon the property of the Lessor's and shall protect all surface and ground water springs and water courses from interference, sedimentation, pollution or other adverse consequences resulting from the activities of the Lessee, or its contractors, agents or assigns.
9. The final location of all well sites, tank sites, meter and separator sites, access routes, power stations, service lines and pipeline locations and the area occupied by each of the same shall be approved by Lessor's before any activity upon the leased premises is commenced by Lessee. It is further understood that only pipelines servicing the well situated upon the lease premises or servicing the well in which Lessor has a share shall be installed thereon and that all pipelines and electrical or telephone service lines shall be installed underground at a depth sufficient so as not to interfere with Lessor's other uses of the leased premises.

Continued on page 2.

Initials RWP PAB

RIGHT-OF-WAY

FOR AND IN CONSIDERATION OF \$ 2.00 Dollars per lineal rod for each rod of line pipe laid on the premises herein described, to be paid when said pipe line is laid,

Russell W. Pallack (a widower, not remarried) of 2851 Pine Road, Atlantic, PA 16111 724-253-4950

herein called Grantor, do(es) hereby give, grant, bargain, sell and convey unto ATLAS AMERICA INC., 311 Rouser Road, Moon Township, Pa. 15108, herein called Grantee, its successors and assigns, the right-of-way to lay, operate, maintain, repair, and remove a pipe line, with the right to change the size of and/or relay such line pipe at any time, with drips, valves, and other necessary appurtenances thereto for the transportation of petroleum, natural gas and their constituents on, over, through and across the lands of the Grantor with the right of ingress and egress to and from such pipe line, such lands of the Grantor being described as follows, to wit:

Situate in Lot \_\_\_\_, Sections 2710-003, Greenwood Township, Crawford County, State of Pennsylvania, bounded substantially as follows, to wit:

- On the North by n/f See Exhibit "B" for Legal Description of Premises
- On the East by n/f
- On the South by n/f
- On the West by n/f

The Grantor shall fully use and enjoy the above-described premises except for the purposes herein granted to the Grantee. The Grantee hereby agrees to pay the Grantor for damages which might arise to crops, buildings, drain tile and fences in the laying, maintaining, repairing, changing, and removing such pipe line. If said damages cannot be mutually agreed upon, the same shall be ascertained and determined by three disinterested persons, one appointed by the Grantor, one by the Grantee, and the third by the two so appointed. The award of such three persons shall be final and conclusive.

All payments hereunder shall be made by the Grantee to the Grantor by check, money order, draft or cash, payable and mailed or delivered to: Grantor, same as above [redacted] SS# [redacted], who are/is hereby authorized to receive and receipt for the same.

It is understood that this grant contains and expresses all the agreements and obligations of the parties hereto and no covenant, agreement or obligation not expressed herein shall be imposed upon the parties hereto, their heirs, successors and assigns. This grant shall be binding upon the Grantor and Grantee, their heirs, successors and assigns.

The within right of way written in the singular "pipe line" shall be construed to mean the plural "pipelines" and the roddage amount shall be for all pipelines laid and not for each pipeline laid.

Grantor shall approve the final location of any and all pipelines before any work is commenced on the property, said consent shall not be unreasonably withheld.

See Exhibit "A" and "B" for additional terms and conditions for this grant.

IN WITNESS WHEREOF, the Grantor has hereunto set one signature(s) this 13th day of September, 2001.

Signed and acknowledged in the presence of:

WITNESS:

GRANTOR:

[Signature]

Russell W. Pallack

State of Pennsylvania: County of Crawford: SS: BEFORE ME, a Notary Public in and for said County and State, personally appeared the above named Russell W. Pallack (a widower, not remarried) who acknowledged that he did sign the foregoing instrument and that the same is his free act and deed.

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal this 13th day of September, 2001.

[Signature]  
Notary Public

Instrument prepared by: Atlas America, Inc., 311 Rouser Road, Moon Township, Pa. 15108

NOTARIAL SEAL  
Peter A. Garvis, Notary Public  
Pine Twp., Mercer County  
My commission expires Nov. 15, 2003



MEMORANDUM OF OIL AND GAS LEASE

KNOW ALL MEN BY THESE PRESENT:

FOR AND IN CONSIDERATION OF ONE Dollar (\$1.00) and other valuable consideration,

Russell W. Pallack (a widower, not remarried)  
of 2851 Pine Road, Atlantic, PA 16111 724-253-4950

did on September 13, 2001,

Grant unto ATLAS AMERICA INC., 311 Rouser Road, Moon Township, PA. 15108, an Oil and Gas Lease for a primary term of two (2) Years covering 736.5 acres more or less,

Situate in Lot \_\_, Sections 2710-003, Greenwood Township, Crawford County, State of Pennsylvania, bounded substantially as follows, to wit:

- On the North by n/f See Exhibit "B" for Legal Description of Premises
- On the East by n/E
- On the South by n/E
- On the West by n/f

IN WITNESS WHEREOF, the Grantor has hereunto set one signature(s) this 13<sup>th</sup> day of September, 2001.

Signed and acknowledged in the presence of:

WITNESS:

GRANTOR:

Peter A. Garvis

Russell W. Pallack

State of Pennsylvania:

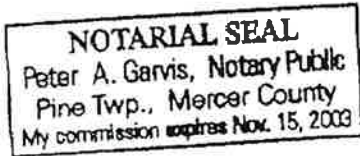
County of Crawford:

SS:

BEFORE ME, a Notary Public in and for said County and State, personally appeared the above named Russell W. Pallack, (a widower, not remarried)

who acknowledged that he did sign the foregoing instrument and that the same is his free act and deed.

IN TESTIMONY WHEREOF I have hereunto set my hand and official seal at Greenwood Twp Atlantic, Pa this 13<sup>th</sup> day of September, 2001.



Peter A. Garvis  
Notary Public

Instrument prepared by: Atlas America, Inc., 311 Rouser Road, Moon Township, Pa. 15108

EXHIBIT "B" page 1  
TO THAT CERTAIN RIGHT OF WAY AGREEMENT BY AND BETWEEN

ATLAS AMERICA, INC.; LESSEE  
AND  
Russell W. Pallack (a widower, not remarried) LESSOR

September 13, 2001

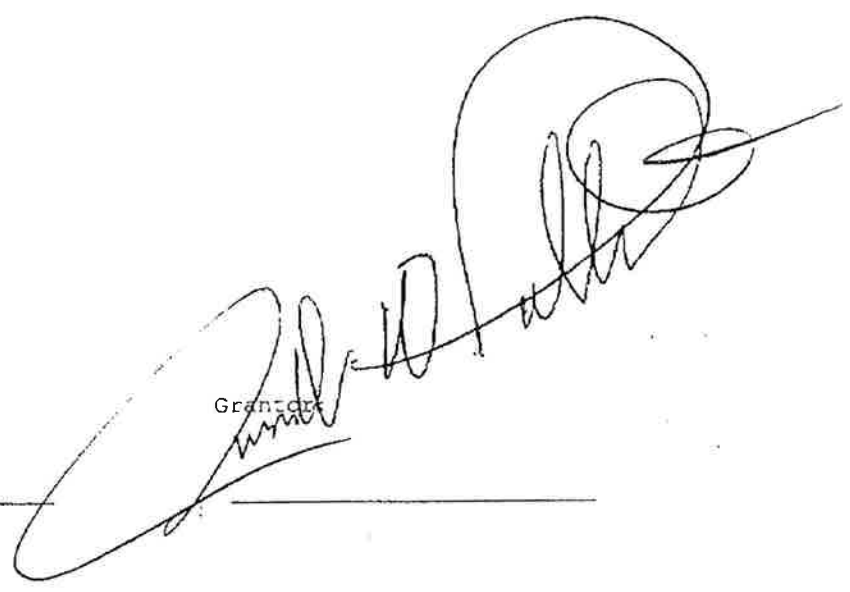
All that certain tract or parcel of land containing 736.5 acres, more or less, situated in Lot/Section # 2710-3 in the Township of Greenwood, County of Crawford, Commonwealth of Pennsylvania being bounded now or formerly, as follows:

- N/F: North by lands of Richard Szymkowski, Levi Swartzentruber and David Wortherspoon
- N/F: East by lands of Patrick Baker, William Burris and William Davison, ~~belonged~~ William.
- N/F: South by lands of Patrick Baker, William Burris, William Davison, Leslie Smith and Randall Stoker
- N/F: West by lands of Randall Stoker, Richard Szymkowski and by the East Fallowfield Township Line

Being the same lands described in that certain Warranty Deed dated August 1, 1978, from Russell W. Pallack and Sara G. Pallack, his wife, to Russell W. Pallack and Sara G. Pallack, his wife, filed September 14, 1978, in Deed Book Volume 518, Page 715 of the Crawford County Records, conveying 736.5 acres, more or less;

Witness:



  
Grantor

\_\_\_\_\_

EXHIBIT "B"  
TO THAT CERTAIN OIL AND GAS LEASE BY AND BETWEEN  
ATLAS AMERICA, INC.; LESSEE  
AND  
Russell W. Pallack (a widower, not remarried) LESSOR  
With property being located at  
Section 2710-03, Greenwood Township, Crawford Co. PA

All terms in this exhibit to this lease shall be controlling, and to the extent they shall conflict with or are inconsistent with the provisions in said lease, they shall be deemed modifications, supplements, and amendments to the terms of the aforescribed lease.

September 13, 2001

All that certain tract or parcel of land containing 736.5 acres, more or less, situated in Lot/Section # 2710-3 in the Township of Greenwood, County of Crawford, Commonwealth of Pennsylvania being bounded now or formerly, as follows:

- N/F: North by lands of Richard Szymkowski, Levi Swartzentruber and David Wortherspoon
- N/F: East by lands of Patrick Baker, William Burris and William Davison, ~~also, d. William~~
- N/F: South by lands of Patrick Baker, William Burris, William Davison, Leslie Smith and Randall Stoker
- N/F: West by lands of Randall Stoker, Richard Szymkowski and by the East Fallowfield Township Line

Being the same lands described in that certain Warranty Deed dated August 1, 1978, from Russell W. Pallack and Sara G. Pallack, his wife, to Russell W. Pallack and Sara G. Pallack, his wife, filed September 14, 1978, in Deed Book Volume 518, Page 715 of the Crawford County Records, conveying 736.5 acres, more or less;

Witness:

  
\_\_\_\_\_

Grantor:

\_\_\_\_\_

EXHIBIT "A"  
TO THAT CERTAIN RIGHT OF WAY AGREEMENT BY AND BETWEEN  
Russell W. Pallack (A widower, not remarried) GRANTORS  
AND

ATLAS AMERICA, INC.; GRANTEE  
With property being located at:  
Section 2710-003, Greenwood Township, Crawford County, PA

September 13, 2001

All terms in this exhibit to this GRANT shall be controlling, and to the extent they shall conflict with or are inconsistent with the provisions in said GRANT, they shall be deemed modifications, supplements, and amendments to the terms of the aforescribed GRANT.

1. This right of way agreement is limited to transporting Petroleum, natural gas and their constituents only.
2. The Grantee hereby agrees to indemnify and hold Grantor harmless from any and all claims, demands, actions or causes of action which may arise as a result of this Grant or any activity, use or occupation of the premises by the Grantee or any person or entity with whom it has any contractual relationship or any agents, employees, representative or third parties upon the premises. Grantee further indemnifies and holds Grantor harmless from any damages, assessments, penalties, or other relief claimed by any governmental entity as the result of this Grant or any activity conducted upon the premises hereunder.
3. Grantor will be allowed to crossover the right of way with future driveways, electric, telephone, water, cable, and other service lines as necessary for the development for home sites along the Roads. Grantee shall bury the pipeline 3 to 4 feet deep where possible.
4. After completion of the pipeline installation, the area of soil that was disturbed shall be finished graded and replanted with appropriate vegetation. It is understood that a reasonable time frame exist to allow for the soil to settle before final restoration is completed. Grantee shall install gates at property lines if so requested by Grantor.
5. It is understood that upon the termination of the Oil and Gas lease being granted to Grantee on the date herein and no more gas or oil from wells which Grantors is involved in is being transported thru the pipeline, then within 30 days of notification by Grantor, Grantee shall compensate Grantor an additional \$ 1.00 per Lineal foot for all operational transportation pipelines installed on property by Grantee.
6. It is understood that this grant shall be valid for 99 years from the date herein or if Grantee fails to transport gas through the pipeline for three (3) consecutive years, which ever comes first, then at such time, Grantee's rights, as granted herein, will become null and void and if the pipeline is not removed with one year, it will become the property of the Grantor, their heirs, successors, or assigns.
7. The maximum pipeline diameter shall be <sup>Six</sup> 6 inches, I.D.

Witness:

PA6  
[Signature]

Grantor:

[Signature]



EXHIBIT "B"  
TO THAT CERTAIN MEMORANDUM of OIL AND GAS LEASE BY AND BETWEEN  
ATLAS AMERICA, INC.; LESSEE  
AND  
Russell W. Pallack (a widower, not remarried) LESSOR

September 13, 2001


All that certain tract or parcel of land containing 736.5 acres, more or less, situated in Lot/Section # 2710-3 in the Township of Greenwood, County of Crawford, Commonwealth of Pennsylvania being bounded now or formerly, as follows:

- N/F: North by lands of Richard Szymkowski, Levi Swartzentruber and David Wortherspoon
- N/F: East by lands of Patrick Baker, William Burris and William Davison, ~~Walter D. Williams~~.
- N/F: South by lands of Patrick Baker, William Burris, William Davison, Leslie Smith and Randall Stoker
- N/F: West by lands of Randall Stoker, Richard Szymkowski and by the East Fallowfield Township Line

Being the same lands described in that certain Warranty Deed dated August 1, 1978, from Russell W. Pallack and Sara G. Pallack, his wife, to Russell W. Pallack and Sara G. Pallack, his wife, filed September 14, 1978, in Deed Book Volume 518, Page 715 of the Crawford County Records, conveying 736.5 acres, more or less;

Witness:

Grantor:

  
\_\_\_\_\_

  
\_\_\_\_\_

No. \_\_\_\_\_ Acres \_\_\_\_\_

# OIL AND GAS LEASE

From \_\_\_\_\_

Post Office \_\_\_\_\_

To \_\_\_\_\_

Date \_\_\_\_\_

Terms \_\_\_\_\_ Year: \_\_\_\_\_

Located \_\_\_\_\_

Rec'd for Record \_\_\_\_\_ 11

Recorded \_\_\_\_\_ 1

Book \_\_\_\_\_ Page \_\_\_\_\_

County Recon \_\_\_\_\_