

CLAYTON ENERGY COMPANY

P.O. Box 301

Jackson, Michigan 49204

Office – (517) 782-8240 ■ Fax – (517) 782-8205

April 30, 2015

Gary L. Cooley
2593 Turle Lake Road
NORTH BRANCH, MI 48461

RE: Oil and Gas Lease - **\$3,490.00 Signing Bonus**

Dear Mr. Cooley,

Our records indicate that you own a mineral interest under the described land:

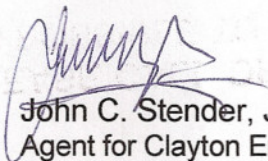
*Beaver Creek Township, Crawford County, Michigan
013-011-050-00 and 013-011-060-00
34.90 Estimated Mineral Acres*

PLEASE CALL OR TEXT MESSAGE JOHN STENDER @ (989) 255-7457 AS SOON AS POSSIBLE TO SCHEDULE AN APPOINTMENT!

Clayton Energy Company is working to acquire oil and gas leases covering the above captioned land and would like to include your mineral interest in their leasing program. We are offering a signing bonus of **\$100.00 per net mineral acre** as consideration for signing our Oil and Gas Lease, plus a 1/8th (12.5%) royalty. While the bonus is important, the significant income of money comes with production/royalty payments. I would like to acquire an Oil & Gas Lease from you to include your mineral interest in the subject lands.

We need to establish a convenient time to meet regarding this opportunity. I will provide a copy of the lease, explain our project, and answer any questions you may have. Please remember, as in all real estate related activities, time is a relevant factor. This offer can expire at any time, without notice. I look forward to meeting with you. Please call **(989) 255-7457** to schedule an appointment or if you have any questions. Thank you in advance for your attention to and consideration of this matter.

Sincerely,



John C. Stender, Jr.
Agent for Clayton Energy Company

Lumberjack Land Services

Title/Leasing/ Currrative/Environmental

John C. Stender, Jr. CPL/ESA
Landman

7865 Wilkinson Way
Alpena, MI 49707

989.255.7457
johnstender@charter.net



**OIL, GAS AND MINERAL LEASE
(PAID-UP LEASE)**

This Oil, Gas and Mineral Lease, made and entered into this ____ day of May, 2015, is by and between **Gary Cooley and Sharon M. Cooley, husband and wife, of 2593 Turtle Lake Drive, North Branch, Michigan 48461**, (hereinafter referred to as "Lessor") and Clayton Energy Company of P.O. Box 301, Jackson, Michigan 49204 (hereinafter referred to as "Lessee").

For and in consideration of one or more dollars paid in hand and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor hereby grants, demises, leases, and lets exclusively unto Lessee for the purposes of (i) investigating, exploring, prospecting, drilling, mining, completing, equipping, developing, and operating for, and producing, (a) any oil, natural gas, distillate, casinghead gas, condensate, and all other associated hydrocarbons of whatsoever nature or kind, (hereinafter referred to as "Oil and Gas") (b) any other non-hydrocarbon substances including without limitation water, brine, carbon dioxide, sulphur, potassium, and any other minerals or by-products resulting from the aforementioned activities, (hereinafter referred to as "Other Constituents"), and (ii) all ancillary activities related to the activities described above, including without limitation conducting secondary, tertiary, and other recovery operations, conducting geophysical, seismic, drilling stratigraphic test wells, coring and other exploration activities, injecting gases, fluids, and other substances into subsurface strata, establishing and utilizing facilities for the disposition of salt water and Other Constituents, laying pipelines, storing Oil and Gas and/or Other Constituents, temporarily housing its employees, drilling and operating water wells for Operations, building and operating roads, tanks, ponds, power stations, electrical lines and poles, communication towers, compressors, and other structures and things thereon to produce, save, take care of, treat, process, store, dispose of, and transport said Oil and Gas, Other Constituents and water, from the following described land and from any pool or unit established pursuant to Paragraph 4 hereof, together with any vested or contingent reversionary rights and after-acquired interest, whether by operation of statute or by conveyancing document, therein situated in the County of Crawford, State of Michigan, to-wit:

TOWNSHIP 25 NORTH-RANGE 4 WEST

Section 13: The East One-Half of the Southwest One-Quarter of the Southwest One-Quarter (E½ SW¼ SW¼); containing 20.00 acres more or less.

ALSO a part of the West One-Half of the Southwest One-Quarter of the Southwest One-Quarter (W½ SW¼ SW¼); described as commencing at the Southwest corner of said Section 13; THENCE N89°42'E (along the Section line), 324.70 feet to the point of beginning; THENCE N00°45'30"E, 1311.80 feet; THENCE N89°39'E, (along the One-Eighth line), 332.30 feet; THENCE S00°46'45"W, 1312.00 feet; THENCE S89°42'W, 332.30 feet to the point of beginning. Containing 10.00 acres more or less.

ALSO a part of the West One-Half of the Southwest One-Quarter of the Southwest One-Quarter (W½ SW¼ SW¼); described as commencing at the Southwest corner of said Section 13; THENCE N00°45'30"E, 328.03 feet; THENCE N89°41'15"E, 324.83 feet; THENCE S00°46'45"W, 328.06 feet; THENCE S89°42'W, 324.70 feet to the point of beginning. Containing 2.45 acres more or less.

Containing 32.45 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 and interests based on accretion or avulsion, 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, although not included within the boundaries of the land particularly described above. It is the intent to lease all of Lessor's interest in Section 13, Township 25 North, Range 04 West, Beaver Creek Township, Crawford County, Michigan. The land covered by this lease shall be hereinafter referred to as said Land. Lessor agrees to execute any lease amendment requested by Lessee for a more complete or accurate description of said Land and such amendment shall include words of present lease and grant.

For the considerations stated above, Lessor and Lessee by its acceptance hereof agree as follows:

1. Subject to the other provisions contained in this lease, this lease shall be for a term of five (5) years from the date first written above (hereinafter referred to as the "Primary Term") and as long thereafter as further "Operations", as defined in this paragraph, are conducted on said Land or lands pooled or unitized therewith. If Operations are commenced on said Land or lands or leases pooled or unitized therewith prior to the end of the Primary Term, then this lease shall not terminate until all Operations on said Land or lands or leases pooled or unitized therewith are discontinued for one hundred

eighty (180) consecutive days. The word "Operations" as used herein shall include without limitation any of the following: producing, treating, processing, storing or transporting Oil and Gas (whether or not in paying quantities); any act preparatory to drilling (such as obtaining permits, surveying, staking, clearing, constructing or maintaining any drillsite location or access road, hauling equipment or supplies, etc.); drilling, testing, completing, equipping, reworking, recompleting, deepening, sidetracking, plugging back, maintaining, protecting or repairing of a well; any other actions conducted in search for or in an endeavor to obtain, restore, maintain or improve production of Oil and Gas.

2. Lessee covenants and agrees to pay the following royalties: (a) To deliver to the credit of Lessor into tank reservoirs or into the pipeline to which Lessee may connect its wells, one-eighth (1/8) of the oil, condensate, and distillate produced and saved from said Land, Lessor's interest to bear one-eighth (1/8) of the cost of treating same to render it marketable, or from time to time, at the option of Lessee, Lessee may sell the oil, condensate, and distillate produced and saved from said Land and pay Lessor one-eighth (1/8) of the net amount realized by Lessee, computed at the wellhead; (b) To pay Lessor on natural gas or casinghead gas produced from said Land and sold by Lessee, one-eighth (1/8) of the net amount realized by Lessee, computed at the wellhead, (c) To pay Lessor one-eighth (1/8) of the net amount realized by Lessee, computed at the wellhead, from the sale of all Other Constituents, produced and saved from said Land. 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 and/or Other Constituents minus post-production costs incurred by Lessee between the wellhead and the point of sale. As used in this lease, the term "post-production costs" shall mean all cost and expense of (a) treating and processing Oil and Gas to separate and remove Other Constituents including but not limited to water, carbon dioxide, hydrogen sulfide and nitrogen, and (b) separating liquid hydrocarbons from any gas, other than condensate separated at the well, and (c) transporting Oil and Gas and/or Other Constituents, including but not limited to transportation between the wellhead and any production, processing, refining, or treating facilities, and transportation to the point of sale, and (d) compressing any Oil and Gas and/or Other Constituents for gathering, processing, transportation, delivery, or disposal purposes, and (e) metering Oil and Gas and/or Other Constituents to determine the amount sold and/or the amount used by Lessee, and (f) sales charges, commissions and fees paid to third parties (whether or not affiliated) in connection with the sale of the Oil and Gas and/or Other Constituents, and (g) any and all other costs and expenses of any kind or nature incurred in regard to the Oil and Gas and/or Other Constituents, 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 cost of capital and a reasonable return on its investment in such facilities. Prior to payment of royalty, Lessor shall execute a Division Order certifying Lessor's interest in the Oil and Gas and/or Other Constituents. Lessee may pay all taxes and fees levied upon the Oil and Gas and/or Other Constituents 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. Lessee shall have the right, but not the obligation, to market and sell all Oil and Gas and/or Other Constituents to any third party or any Affiliate of Lessee in Lessee's sole and absolute discretion. In lieu of any implied covenant to market, Lessee expressly agrees to market Oil and 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 store, reinject, or recycle Oil and Gas and/or Other Constituents, to market 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 Oil and Gas and/or Other Constituents marketable. Lessee shall have free use of Oil and Gas, Other Constituents and water wells drilled by Lessee, for Operations hereunder, whether Operations are conducted on said Lands, lands pooled or unitized therewith or on other lands.

3. If at the expiration of the Primary Term or at any time or times after the Primary Term herein, there is a well or wells on said Land, or lands or leases pooled or unitized therewith, capable of producing Oil and Gas and/or Other Constituents or log or testing results indicate that a well that has been drilled to its total depth will be capable of producing Oil and Gas and/or Other Constituents upon final completion on said Land or lands or leases pooled therewith but Oil and Gas and/or Other Constituents are not being sold or used and this lease is not then being maintained by Operations or otherwise, this lease shall not terminate, (unless released by the Lessee), and it shall nevertheless be considered that Oil and Gas and/or Other Constituents is being produced from said Land within the meaning of paragraph 1 herein. However, in this event, Lessee shall pay or tender as shut-in royalty to Lessor, in the US Mail to Lessor's address above, regardless of changes in ownership of said Land or shut-in royalty payments, a sum determined by multiplying one dollar (\$1.00) per acre for each acre then covered by this lease, provided however, in the event said well is located on a unit comprised of all or a portion of said Land and other land or leases, Lessee shall pay or tender as shut-in royalty a sum determined by multiplying one dollar (\$1.00) per acre for each acre of said Land included in such unit on which said shut-in well is located. If such bank (or any successor bank) should fail, liquidate, or be succeeded by another bank or for any reason fail or refuse to accept such payment, Lessee shall re-tender such payment within thirty (30) days following receipt from Lessor of a proper recordable instrument naming another bank as agent to receive such payment or tender. Such shut-in royalty payment shall be due on or before, the expiration of one hundred eighty (180) consecutive days after (a) the expiration of the Primary Term, or (b) the last date of Operations on any well, located on said Land, or lands or leases pooled or unitized therewith, or (c) the date this lease is included in a unit on which a well has been previously shut-in, or (d) the date this lease ceases to be otherwise maintained, whichever be the later date. It is understood and agreed that no shut-in royalty payments shall be due during the Primary Term. In like manner and upon like payments or tenders on or before the next ensuing anniversary of the due date for said payment, the Lessee shall continue to pay such shut-in royalty for successive periods of one (1) year each until such time as this

lease is maintained by Operations. However, if Operations commence on any well, located on said Land, or lands or leases pooled or unitized therewith within the applicable 180 day period, a shut-in royalty payment shall not be required or, if a shut-in royalty payment is tendered, no additional shut-in payment will be due until the next ensuing anniversary of the due date for said tendered payment regardless of how many times Operations may be commenced and shut-in during such one (1) year period. As long as any well is shut-in, it shall be considered for the purposes of maintaining this lease in force that Operations on this lease shall continue in effect both before and after the Primary Term. Lessee's failure to pay or tender or to properly or timely pay or tender any royalty or shut-in royalty shall render Lessee liable for the amount due but it shall not operate to terminate this lease. Lessee agrees to use reasonable diligence to produce, utilize or market the Oil and Gas and/or Other Constituents capable of being produced from said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities, other than well facilities and ordinary lease facilities of flowline, separator, and lease tank, and shall not be required to settle labor trouble or to market Oil and Gas and/or Other Constituents upon terms unacceptable to Lessee. If at any time Lessee pays or tenders royalty or shut-in royalty as herein provided, and two (2) or more parties are, or claim to be, entitled to receive same, Lessee may, in lieu of any other method of payment herein provided, pay or tender such royalty or shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as Lessee may elect.

4. (a) Lessee is hereby granted the rights to pool or unitize said Land, or any part of said Land, with other lands, as to any or all minerals or horizons, to establish an oil unit and/or units of any size or shape containing not more than one hundred sixty (160) acres for a vertical well and not more than 2560 acres for a horizontal well, and a gas unit or units of any size or shape containing not more than approximately six hundred forty (640) acres per unit for a vertical well and not more than 2560 acres for a horizontal well; provided, however, that if units larger than those permitted above, either at the time established or thereafter, are required, permitted, or allowed 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 may be enlarged or reformed to conform to the size required, permitted, or allowed by such governmental rule or order. Lessee may enlarge the unit to any size, up to the maximum area permitted herein, and may reform said unit to include any other lease or leases, including after-acquired leases, within the general area. Lessee may create, enlarge, reform, reduce, vacate, or terminate the unit or units at the election of Lessee at any time, and from time to time and any number of times, during the continuance of this lease, either before or after Operations commence by recording a written declaration to that effect in the office of the Register of Deeds in the county or counties in which such unit is located. Such unit shall become effective on the date provided in the instrument, or the date filed of record if no such date is provided in the instrument. A unit established hereunder shall be effective for all purposes of this lease, whether or not all interests in the lands within the boundary of the unit are effectively pooled or unitized. Lessee shall have no duty to obtain effective pooling or unitization of all interests within the boundary of the unit. Any Operations conducted on any part of the lands pooled or unitized which contains any portion of said Land, regardless whether such Operations were commenced before or after the date of this lease or the effective date of the instrument creating the unit, shall be considered for all purposes, except the payment of royalties, to be Operations on said Land whether or not the well or wells are located on said Land. Production from the unitized area shall be allocated in the same proportion as the number of surface acres in said Land, which are included in the unit, bears to the total number of surface acres in the unit and royalties shall be paid based on the allocated production. If this lease now or hereafter covers separate tracts (any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of said Land), no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph with consequent allocation of production as herein provided.

(b) In addition to the rights to pool or unitize granted to the Lessee in Paragraph numbered 4 (a) above, for the purpose of promoting the development of hydrocarbon production from any formations, Lessee at any time, and from time to time during the life of this lease shall have the right and power as to all or any part or formation or strata of the land herein leased, without Lessor's joinder, to unitize the same with other lands, formations, strata or leases covering lands in the same general area as the leased premises by combining the leasehold estate and Lessor's royalty estate created by this lease with any other lease or leases, royalty or mineral estate in and under another tract or any number of other tracts of land, regardless of the ownership thereof, so as to create by the combination of such interests or any of them one or more unitized areas of such size and shape for the drilling and operation of one or more wells as determined by Lessee to be developed and operated by primary, secondary or tertiary methods as though such lands and interest were all included within the terms hereof and constituted a single oil, gas and mineral lease. All such production from such unitized area shall be divided or allocated among the various tracts comprising such unitized area based on a formula derived from parameters utilized by Lessee and incorporated in a unitization agreement recorded in office of the Register of Deeds in the county or counties in which such unit is located. The unitization agreement shall include other provisions designed to allow for Operations of the unitized area in an orderly manner. Any Operations conducted on any part of the unitized area which contains any portion of the said Land, regardless whether such Operations were commenced before or after the date of this lease or the effective date of the instrument creating the unit, shall be considered for all purposes, except the payment of royalties, to be Operations on the said Land whether or not the well or wells are located on said Land. Royalties payable from the unitized area shall be computed on the basis of the production allocated to the portion of said Land included within such unitized area.

5. Lessee may at any time or times execute and deliver to Lessor or to the office of the Register of Deeds in the county or counties in which such unit is located, a release or releases covering any portion

of said Land and/or portions of subsurface strata or stratum and thereby surrender this lease as to such portion and/or portion of subsurface strata or stratum and be relieved of all obligations as to the acreage, strata or stratum surrendered. Lessee shall retain rights of ingress and egress across and through any released portion and/or strata of this lease in order to have necessary access to that portion and/or strata of the leased premises which remains in force and on which Lessee continues to conduct Operations.

6. Lessee shall have the right, at any time during or after the expiration of this lease, to remove all property and fixtures placed by Lessee on said Land, including the right to draw and remove all casing. Upon Lessor's request and when reasonably necessary for utilization of the surface for some intended use by the Lessor, Lessee will bury all pipelines below ordinary plow depth. No wellhead shall be within two hundred (200) feet of any permanent residence now on said Land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns; but no change or division in such ownership of said Land or royalties, however accomplished, shall operate to enlarge the obligation or diminish the right of Lessee. Notwithstanding any other actual or constructive knowledge of Lessee, no change or division in such ownership shall be binding on Lessee until forty-five (45) days after Lessee shall have been furnished, by registered U. S. mail at Lessee's principal place of business, with a certified copy of the instrument or instruments properly filed and recorded evidencing same to establish the validity of such change in ownership or division of interest in the opinion of Lessee or other evidence satisfactory to Lessee. If any such change in ownership occurs by reason of the death of the owner, Lessee may nevertheless, pay or tender royalties, or part thereof, to the credit of the decedent in a depository bank provided for above. In the event of assignment hereof in whole or in part, liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument, executed by all such parties, designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease, nor cause a termination or reversion of the estate created hereby, nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that Operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the specific and detailed facts relied upon as constituting a breach hereof, and Lessee, upon receipt of such notice of any alleged breach, shall have ninety (90) days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument as specified in the notice. The service and sufficiency of said notice shall be precedent to the bringing of any action by Lessor under said lease for any cause, and no such action shall be brought until the lapse of ninety (90) 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 of the alleged breaches shall be deemed an admission or presumption that Lessee has failed to perform all its obligations hereunder. After the discovery of Oil and Gas and/or Other Constituents in paying quantities on said premises, Lessee shall reasonably develop the acreage retained hereunder; but, in discharging this obligation Lessee may, but shall not be required to, drill more than one well in each permitted unit, pooled unit or unitized area.

9. Lessor hereby warrants and agrees to defend the title to said Land and agrees that Lessee may, at its option, discharge any tax, mortgage, lien or other debt upon said Land, either in whole or in part; and, in the event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. When required by state, federal or other laws, Lessee may withhold taxes with respect to royalty and other payments hereunder and remit the amounts withheld to the applicable taxing authority for credit to Lessor. Without impairment of Lessee's rights under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the Oil and Gas and/or Other Constituents on, in or under said Land less than the entire fee simple estate, then the shut-in royalties and royalties to be paid Lessor shall be reduced proportionately.

10. (a) This lease shall be subject to all applicable federal and state laws, local ordinances, executive orders, rules or regulations, (provided, however, rules or regulations establishing drilling, spacing or production unit size and orientation shall not limit Lessee's pooling rights under Paragraph 4) and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation. When drilling, reworking, production, completion or other Operations are prevented or delayed by such laws, rules, regulations or order, or by inability or delay in obtaining necessary approvals, licenses, permits, equipment, services, material, water, electricity, fuel, access or easements, or by fire, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, strike or labor disputes, or by inability to obtain a satisfactory market for Oil and Gas and/or Other Constituents or adverse market conditions or failure of purchasers or carriers to take or transport such Oil and Gas and/or Other Constituents, or by any other cause not reasonably within Lessee's control, this lease shall not terminate because of such prevention or delay, and at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any express or implied covenants of this lease when drilling, production or other Operations are so prevented, delayed or interrupted, provided however, that no such rule, regulation, or order shall prevent Lessee from declaring or pooling an oil and/or natural gas development unit or units under the provisions contained herein larger than the well spacing, drilling or production unit prescribed or permitted by such rule, regulation or order.

(b) The specification of causes of force majeure herein enumerated shall not exclude other causes from consideration in determining whether Lessee has used reasonable diligence wherever required in fulfilling any obligations or conditions of this lease, express or implied, and any delay of not more than six (6) months after termination of force majeure shall be deemed justified.

11. This lease states the entire contract between the parties, and no representation, covenant, or promise, whether implied, verbal, or written, on behalf of either party shall be binding unless contained herein; and this lease shall be binding upon each party executing the same and their successors, heirs, and assigns, regardless of whether or not executed by all persons above named as "Lessor".

12. If at any time within the Primary Term of this lease and while the same remains in force and effect, Lessor receives any bona fide offer, acceptable to Lessor, to grant an additional lease (top lease) covering all or part of the aforescribed lands, Lessee shall have the continuing option, by meeting any such offer, to acquire such top lease. Any offer must be in writing, and must set forth the proposed lessee's name, bonus consideration and royalty consideration to be paid for such lease, and include a copy of the lease form to be utilized, which form should reflect all pertinent and relevant terms and conditions of the top lease. Lessee shall have thirty (30) days after receipt from Lessor of a complete copy of any such offer, to advise Lessor in writing of its election to enter into an oil and gas lease with Lessor on equivalent terms and conditions. Upon receipt of such notice, Lessor shall execute and deliver such new lease and Lessee shall pay the bonus due upon receipt of such new lease. If Lessee fails to notify Lessor within the aforesaid thirty (30) day period of its election to meet any such bona fide offer, Lessor shall have the right to accept said offer.

13. 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 Five (05) 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 equal to One Hundred Twenty-Five percent (100%) of the per acre bonus payment paid to Lessor for the signing of this lease, for the land then covered by the extended lease, said bonus to be paid or tendered to Lessor in the same manner as provided herein 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 1 above.

14. Lessor agrees that Lessee shall have no obligation to record this Oil, Gas, and Mineral Lease with the Register of Deeds; however, this Oil, Gas, and Mineral Lease may be identified in a Memorandum of Oil, Gas, and Mineral Lease signed by Lessee that will be filed of record with the office of the Register of Deeds in the county or counties in which said Land is located.

15. If any provision of this lease shall, for any reason, held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect the other provisions herein.

16. Notwithstanding any representations stated herein below, this lease has been prepared after negotiations between the parties and, in the result of any ambiguity, no weight shall be given in favor of or against either the Lessor or Lessee in resolving such ambiguity on account of that party's drafting of this lease, or any specific provision herein.

Executed as of the day and year first above written.

LESSOR:

Gary Cooley

Sharon M. Cooley

STATE OF MICHIGAN)
) ss. (Acknowledgment)
COUNTY OF LAPEER)

The foregoing instrument was acknowledged before me this _____ day of May, 2015, by Gary Cooley and Sharon M. Cooley.

My commission expires: June 22, 2018

John C. Stender, Jr.
Notary Public
Notary in Alpena County, Michigan
Acting in Gratiot County, Michigan

Prepared by: John C. Stender, Jr., P.O. Box 301, Jackson, Michigan 49204
Return to: Clayton Energy Company, P.O. Box 301, Jackson, Michigan 49204