

EMPIRE STATE DEVELOPMENT PARTNERS, LLC

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HARTZ ENERGY HOLDINGS, LCC

400 Plaza Drive, 4th Floor
Secaucus, NJ 07094
Telephone: (201) 272-6021

[REDACTED]

Dear [REDACTED]

I am writing to you on behalf of Hartz Energy Holdings, LLC, ("Hartz") and Empire State Development Partners, LLC ("Empire"), who hold an Oil and Gas Lease dated 8/10/2005 (the "Lease") for property owned by you located in the Town of [REDACTED] being Tax Parcel Number [REDACTED] (the "Property").

Hartz and Empire look forward to working with you to produce natural gas from the Property. However, we are prevented from such development by the current moratorium. We do not foresee a lifting of the moratorium in the near future, but we hope to begin natural gas development when the moratorium is lifted.

The Lease is set to expire on 8/10/2015, and—as we await the lifting of the moratorium—we are prepared to offer you a higher royalty interest in consideration for an extension of the Lease term. Currently the Lease provides for a 12.5% royalty interest. We can offer an incremental 2.5% royalty interest for seven additional years on the Lease term, structured as follows:

- We would immediately increase your royalty interest by 1.0% in consideration for a three-year extension of the term of the Lease. Your total royalty interest would equal 13.5%, and the Lease would expire on 8/10/2018.
- The Lease also would be revised to provide for two two-year lease extension options. Each two-year extension option would be exercisable by Hartz and Empire. Upon each exercise, your royalty would increase by an additional 0.75%.

If both two-year options are exercised, the final expiration date of the Lease would be 8/10/2020, and your total royalty interest would equal 15.0%. This should align your best interests with ours, encouraging us to develop your natural gas resources as soon as possible.

We would obviously continue to abide by the other terms of the Lease as extended, including making the delayed rental payments to you of \$25 per year.

We look forward to discussing this with you. We will be following up with you by phone in the next few weeks, or please contact me or Richard Alessi at (212) 485-8447 if you prefer to speak sooner. Many thanks for your consideration.

Best regards,



Michael Donner