



Muskingum Watershed Conservancy District

1319 Third Street NW, P.O. Box 349 New Philadelphia, Ohio 44663-0349

Phone (330) 343-6647 Toll Free (877) 363-8500 Fax (330) 364-4161 • Email: info@mwcd.org

www.mwcd.org

July 11, 2011

Colonel Robert D. Peterson, District Engineer
Huntington District
U.S. Army Corps of Engineers
502 Eighth Street
Huntington, WV 25701-2070

Dear Colonel Peterson:

I have enclosed a copy of lease between the Muskingum Watershed Conservancy District (MWCD) and Gulfport Energy which was executed in final form on July 7, 2011.

The exhibit regarding well site selection was a late development presented by the lessee as a deal-breaker. Two classes of land tracts are created. Most of the property is included in one large tract. The MWCD has a discretionary veto on the location of any well site in that area; the MWCD does not have to justify its decision. The other class of tracts is comprised of nine individual parcels throughout the leased area, as shown on the attached plat titled Exhibit "C." Any objection to well placement in these areas must be reasonable.

Knowing the concerns expressed by the Corps, prior to going forward, the MWCD obtained a due diligence review of the potential drilling zones by a petroleum engineer. He specifically addressed the tract closest to the dam structure. In his opinion that potential drilling site would not present any real or present danger to the dam, should it be selected by the developer. A copy of his opinion letter is attached.

The MWCD has included significantly more restrictions in its lease than are commonly negotiated by landowners. Accordingly, the developer may be inclined to locate well pads on neighboring property (with fewer restrictions). Regardless of where any well pad is located, the MWCD will be monitoring any development in the area of the lake. Mobilization is not expected before the end of the year (but that timing is in the hands of the developer).

The MWCD will continue to work closely with the Corps regarding shale gas development on or adjoining MWCD property. We will continue to seek input from the Corps and keep your staff apprised of developments, as they arise.

Sincerely,

John M. Hoopingarner
Executive Director/Secretary
jhoopingarner@mwcd.org

JMH:km
Enclosures

MEMORANDUM OF OIL AND GAS LEASE

This memorandum of oil and gas lease made this 17th day of June, 2011, by and between Muskingum Watershed Conservancy District hereinafter collectively called "Lessor," and Gulfport Energy Corporation, a Delaware corporation, 14313 North May Street, Suite 100, Oklahoma City, Oklahoma 73134, hereinafter called "Lessee".

WITNESSETH

For and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid, and other good and valuable consideration, Lessor did make and execute in favor of Lessee an Oil and Gas Lease dated June 17, 2011, and made effective: *July 7, 2011*

Township: 11 & 12 N, Range: 6 & 7 W
Containing 6,485.79 acres as identified in Exhibit A.

Containing 6,485.79 acres and located in the Township of Nottingham and Washington, Harrison County, State of Ohio, for the purpose of drilling, operating for, producing and removing oil and gas. The Lease has an initial term of five (5) years.

This Memorandum of Oil and Gas Lease is being made and filed for the purpose of giving third parties notice of the existence of the lease described above. The execution, delivery and recordation of this Memorandum of Oil and Gas Lease shall have no effect upon, and is not intended as an amendment of the terms and conditions of the Lease.

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK.

In witness whereof this Memorandum of Oil and Gas Lease is executed as of the date first above written.

WITNESS:

Karen Miller
Mark Swiger

WITNESS:

Ashley Randolph
Laura M. J.

LESSOR:

John Hoopingarner
John Hoopingarner Executive Director/Secretary
~~Muskingum Water Conservancy District~~
Muskingum Watershed Conservancy District

LESSEE:

James D. Bell
Gulfport Energy Corporation

ACKNOWLEDGEMENT

STATE OF Ohio)

COUNTY OF TUSCARAWAS)

On this, the 27th day of June, 2011, before me, the undersigned officer, personally appeared John M. Hoopingarner, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires: _____

Signature/Notary Public: Karen S. Miller

Name/ Notary Public (print): Karen S. Miller

Karen S. Miller
Notary Public, State of Ohio
My Commission Expires: 3/27/2014

~~OKLAHOMA~~
STATE OF ~~Ohio~~)

COUNTY OF OKLAHOMA)

On this, the 7th day of July, 2011, before me, the undersigned officer, personally appeared JAMES D. PAUL, known to me (or satisfactorily proven) to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



My Commission Expires: 09/05/2012

Signature/Notary Public: Ashley Randolph

Name/ Notary Public (print): Ashley Randolph