

SIDNEY DENNIS HOLBROOK

ATTORNEY AT LAW

PHONE/FAX: 716-652-5293

77 WALNUT STREET

EAST AURORA, NEW YORK 14052

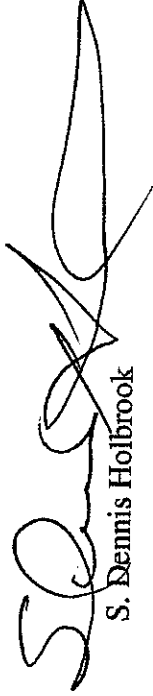
OCTOBER 15, 2008

Steven R. Jones, Esq.
NODELL, JONES & KENDALL, LLP
Attorneys and Counselors at Law
P.O. Box 130
15 Eaton Street
Morrisville, NY 13408

Dear Steve:

Enclosed is the executed Road Bond Agreement together with the proposed letter of understanding that we discussed concerning the 14 day notice provision. Thank you for your cooperation and consideration.

Very truly yours,


S. Dennis Holbrook

LETTER OF UNDERSTANDING

This is to acknowledge that while the recently executed Road Bond Agreement involving Norse Pipeline, Nornew, Inc., and Norse Energy with the Town of Lebanon requires at least fourteen (14) days written notice of the particular company's intent to begin drilling activity within the Town, the Town as a matter of practice has often acted on less than 14 days notice and further since the Town appreciates the companies' concern that there are significant delays in receiving well permits from the NY DEC often necessitating moving forward with drilling plans without further delay, it is hereby understood that the Town will continue to exercise its good faith efforts to accommodate the companies' use of the Town roads as soon as reasonably possible within that 14 day notice period.

Town of Lebanon Highway Superintendent

ROAD BOND AGREEMENT

This Agreement made and entered into effective the ___ day of October, 2006, by and between **NORNEW, INC.**, NORSE PIPELINE LLC and NORSE ENERGY CORP USA, all with principal offices at 2500 Tanglewilde, Suite 250, Houston, Texas 77063-2124, along with their agents, employees, contractors and subcontractors, hereinafter collectively referred to as the “Operator” or “Nornew,” and **TOWN OF LEBANON**, 1210 Bradley Brook Road, Earlville, New York 13332, hereinafter referred to as “Town”.

Whereas, Nornew has been and is currently involved in an exploration and development program for the discovery and production of natural gas within the Town of Lebanon, Madison County, New York and in so doing is utilizing roads within the Town in order to transport equipment and materials and perform associated operations in conjunction with this endeavor (hereinafter “Exploration Activity”), and;

Whereas, the Town has expressed concern to Nornew about damage which may occur along Town Roads as a result of such Exploration Activity by Nornew and has requested that a Road Bond be put in place to ensure that the cost of any damage to Town Roads which may be caused by such Exploration Activity is paid for by Nornew.

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth herein, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1) **Permit Bond** Nornew has secured a Bond attached as Exhibit A in the amount of Thirty Thousand Dollars (\$30,000) (hereinafter the “Road Bond”) to ensure that any damage caused to Town Roads in the Town of Lebanon by the Exploration Activity of Nornew be paid for by Nornew. The Road Bond (or one of similar form and substance and which is acceptable to the Town) will be renewed by Nornew on an annual basis until the earlier to occur of: i) Nornew discontinues Exploration Activity along Town Roads or, ii) the Town elects to reduce the bond amount and/or elects to no longer require such a Road Bond iii) a period of two (2) years has elapsed since Nornew has completed the Drilling Activity (as hereinafter defined) of a gas well within the Town.

2) **Road Use** Nornew shall faithfully observe all laws regarding the use of Town Roads. Nornew will provide the Town with at least fourteen (14) days written notice of its intent to begin drilling activity within the Town, and this notice will include a list of the Town Roads to be used for transporting equipment to and from the drill site, and the address of the drill site. Drilling Activity for purposes of this Agreement shall be defined as that portion of the Exploration Activity directly related to the preparation of a well site for a drilling rig and the activities of the drilling rig until it leaves that well site. Before Drilling Activity begins at that site Nornew and the Town Highway Superintendent will jointly visually inspect the said Town Roads and will agree in writing regarding the condition of said Roads. After Drilling Activity is completed at that site the Highway Superintendent and Nornew will jointly inspect said roads to identify impacts or damages. Winter conditions may delay inspections, in the reasonable discretion of the Town Highway Superintendent. Even before Drilling Activity is completed, there may be damage to the roads which requires immediate attention for public safety reasons. Each party shall promptly notify the other, in writing, of any damage it becomes aware of, at any time. In the event that the Town, in its reasonable judgment under the circumstances, discovers damage, beyond ordinary wear and tear, to Town Roads and determines that Nornew has caused such damages and the damage requires repairs to be made to said road by the Town so as to restore said Town Road to conditions which existed prior to incurring such damage, then the Town shall:

- a) Promptly notify Nornew (i) by phone, and (ii) in writing by fax of the location and the extent/degree of such damage. The parties understand that winter road conditions may delay discovery of damage and that damage on seasonal use highways may not be discovered quickly.
- b) The Town will allow Nornew ten (10) days following said notice to inspect the damage in an attempt to verify causation and responsibility. This inspection will be a joint inspection with the Town Highway Superintendent, and an estimate of the cost to repair the damage will be obtained promptly. Nornew shall repair the road, to the satisfaction of the Town Highway Superintendent, at Nornew's own expense paid directly to the contractor who performs the repairs; said repair shall be completed within a time and by a contractor reasonably acceptable to the Town Highway Superintendent. If Nornew has not accepted responsibility or otherwise responded to the Town within said ten (10) days of such notice then the Town may proceed to make repairs to the road. Notwithstanding the foregoing to the contrary, in the event that an incident of damage to the Town Roads is of a nature requiring **emergency repairs** by the Town because of concerns by the Town

for the safety and welfare of its citizens, then Nornew and the Town Highway Superintendent shall make reasonable efforts to jointly inspect the damage within two (2) days of notice thereof by the Town, before repairs are commenced. In this event the Town must specify in its notice to Nornew that the damages constitute the need for Emergency Repairs. In the event that Nornew reasonably believes that there is a genuine dispute as to the causation of any damages Nornew will promptly notify the Town in writing that it does not accept liability for this incident and resolution of the issue of causation will be governed by arbitration as is set forth more particularly in Paragraph 5 herein below.

c) In those situations when Nornew elects not to perform the repairs itself, the Town, will provide an estimate for the cost of repairs for each such incident and upon completion of repairs will prepare and send to Nornew a report detailing the scope of the repairs and send an invoice for the cost of such repairs (hereinafter "Report and Invoice") to Nornew for reimbursement to the Town.

(d) Nornew will either reimburse the Town of the cost of such repairs in the time frame provided in paragraph 3 below or if Nornew reasonably believes that there is a genuine dispute as to the causation or measure of such damages, Nornew will so notify the Town promptly and resolution of such issues will be governed by the arbitration provisions of paragraph 5 below.

3) Invoice and Payment Subject to the provisions of paragraph 5 below, Nornew will have ninety (90) days from receipt of Report and Invoice from the Town of Lebanon, to reimburse the Town for the cost associated with such repairs. In the event that Nornew fails to pay the Invoice in a timely manner then Nornew shall be deemed in breach of this Agreement and the Town may then immediately proceed to collect under the provisions of the Permit Bond.

4) Notice Any notice given by any Party hereof, unless otherwise expressly provided herein, shall be deemed to have been properly given if sent in writing by U.S. certified mail, or the equivalent, return receipt requested, postage prepaid, by telegram, by telex, by facsimile or by personal delivery, addressed as follows:

Nornew, Inc.

23 Eaton Avenue, Box 233
Norwich, NY 13815

Attn: Steve Nowakowski, VP Engineering
Phone: 607-336-4995

Fax: 607-336-4998

Town of Lebanon
1210 Bradley Brook Road
Earlville, New York 13332
Attn: TOWN SUPERVISOR
Phone: 315-837-4152
Fax: 315-837-4152

All Invoices and Reports will be sent to:

Nornew, Inc.

23 Eaton Avenue, Box 233
Norwich, NY 13815
Attn: Steve Nowakowski PE Engineering
Phone: 607-336-4995
Fax: 607-336-4998

Notice of any change of address of either Party shall be effective upon written notification of the other Party.

5) **Arbitration** In a good faith dispute relating to causation of damages to Town Roads under this Agreement or the appropriate measure of damages when factoring in pre-existing conditions, the parties agree to submit the matter for resolution by binding arbitration before three arbitrators, which arbitration shall be held in Madison County, State of New York, in accordance with the rules then pertaining to the American Arbitration Association. The award rendered in such an arbitration proceeding shall be final and binding upon both parties and that judgment upon the award may be entered into any court having jurisdiction thereof. The time period for payment provided for in paragraph 3 above shall be extended to the extent it would otherwise expire prior to 30 days after receipt of notice of the award by the party required to make payment.

6) **Binding Agreement** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

7) **Governing Law** The laws of the State of New York shall govern all issues concerning the construction, validity, and interpretation of this Agreement. All parties consent to exclusive venue in Madison County, State of New York, of any dispute arising from the terms of this agreement or breach thereof.

IN WITNESS WHEREOF, the parties have hereunto set their hand effective the day and year first above written.

NORNEW, INC.

By _____ Date _____

NORSE PIPELINE, LLC

By _____ Date _____

NORSE ENERGY

By: _____ Date _____

TOWN OF LEBANON

By  Date 9/15/09
James Goldstein, Supervisor

5) Arbitration In a good faith dispute relating to causation of damages to Town Roads under this Agreement or the appropriate measure of damages when factoring in pre-existing conditions, the parties agree to submit the matter for resolution by binding arbitration before three arbitrators, which arbitration shall be held in Madison County, State of New York, in accordance with the rules then pertaining to the American Arbitration Association. The award rendered in such an arbitration proceeding shall be final and binding upon both parties and that judgment upon the award may be entered into any court having jurisdiction thereof. The time period for payment provided for in paragraph 3 above shall be extended to the extent it would otherwise expire prior to 30 days after receipt of notice of the award by the party required to make payment.

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IN WITNESS WHEREOF, the parties have hereunto set their hand effective the day and year first above written.

NORNEW, INC.

By Mark William Date 10-17-08

NORSE PIPELINE, LLC

By Mark William Date 10-17-08

NORSE ENERGY

By: _____ Date _____

TOWN OF LEBANON

By James Goldstein Date 11/15/08
James Goldstein, Supervisor

5) **Arbitration** In a good faith dispute relating to causation of damages to Town Roads under this Agreement or the appropriate measure of damages when factoring in pre-existing conditions, the parties agree to submit the matter for resolution by binding arbitration before three arbitrators, which arbitration shall be held in Madison County, State of New York, in accordance with the rules then pertaining to the American Arbitration Association. The award rendered in such an arbitration proceeding shall be final and binding upon both parties and that judgment upon the award may be entered into any court having jurisdiction thereof. The time period for payment provided for in paragraph 3 above shall be extended to the extent it would otherwise expire prior to 30 days after receipt of notice of the award by the party required to make payment.

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IN WITNESS WHEREOF, the parties have hereunto set their hand effective the day and year first above written.
NORNEW, INC.

By _____ Date _____

NORSE PIPELINE, LLC

By _____ Date _____

NORSE ENERGY

By: Greg Robinson Date 11-17-08

TOWN OF LEBANON

By: James Goldstein Date 11/17/08
James Goldstein, Supervisor

PERMIT BOND

BOND NO. S-433826

KNOW ALL MEN BY THESE PRESENTS, That we Nornew, Inc.; Norse Pipeline LLC and Norse Energy Corp USA, all with principal offices at 2500 Tanglewilde, Suite 250, Houston, TX 77063 as Principal, hereinafter referred to as Principal and NGM Insurance Company, a corporation organized under the laws of the State of Florida, lawfully doing business in the State of New York, and mailing address is 55 West St, Keene, NH 03431, as Surety, are held and firmly bound unto all ordinances, laws, rules, regulations, resolutions, local laws and contracts regulating conduct within the Town of Lebanon of 210 Bradley Brook Road, Earlville, NY 13332, hereinafter referred to as Oblige, in the penal sum of thirty thousand and no/100 Dollars (\$30,000) for which sum well and truly to be paid and said Principal and Surety bind themselves, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT:

Whereas, the above bounden Principal has requested or obtained a permit from the Oblige for the purpose of operating heavy equipment and constructing pipeline within said Town of Lebanon for the period beginning April 21, 2008 and ending April 21, 2009

NOW, THEREFORE, if the Principal shall, during the period that this permit is in full force and effect faithfully observe and honestly comply with the provisions of all ordinances, laws, rules, regulations, resolutions, local laws and contracts regulating conduct within the Town of Lebanon, then this obligation shall become void; otherwise to remain in full force and effect.

PROVIDED, HOWEVER, the surety shall have the right to cancel this bond at any time by written notice, stating when the cancellation shall take effect, and mailed to the Oblige at least thirty (30) days prior to the date that the cancellation becomes effective.

Signed, sealed and dated this 21st day of April, 2008

Nornew, Inc.
By: Shawn O'Keefe
Principal Service Vice President
Exploration and Development

MGM Insurance Company

By: Kevin D. Sixbey
Kevin Sixbey
Attorney-in-Fact

Exhibit A.

FOR PRINCIPAL'S USE ONLY (Use Only One)

INDIVIDUAL ACKNOWLEDGEMENT

Unless a Corporation

STATE OF _____
COUNTY OF _____

ss:

On this _____ day of _____, before me personally came _____,

to me known and known to me to be the person mentioned and described in and who executed the foregoing instrument and daily acknowledged to me the execution of the same.

Notary Public

CORPORATE ACKNOWLEDGEMENT

STATE OF New York
COUNTY OF Erie

ss:

On this 21st day of April, before me personally came Stuart Corwever,

to me known, who, being by me duly sworn, did dispose and say that he/she resides in Erie County

that he/she is the Senior Vice President of the Primerio / Norenew, Inc. the corporation described in and which executed the above instruments; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

[Signature]
Notary Public

DEMNIS HOLBROOK
Notary Public, State of New York
Qualified in Erie County
My Commission Expires Nov. 27, 2008

FOR SURETY USE ONLY

SURETY ACKNOWLEDGEMENT

STATE OF NEW YORK
COUNTY OF CHAUTAUQUA

ss:

On this 21st day of APRIL, 2008, before me personally

came KEVIN SIXBEY to me known, who being by me duly sworn, did depose and say that he/she resides in CHAUTAUQUA County, that he/she is the Attorney-in-fact of NGM Insurance Company and the corporation described in and which executed the above instruments; that he/she knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by other of the Board of Directors of said corporation, and that he/she signed his/her name thereto by like order.

[Signature]
Notary Public

LISA M. HAGLUND
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN CHAUTAUQUA COUNTY
01HA6066852

MY COMMISSION EXPIRES NOV. 26, 20 09



THE MAIN STREET AMERICA GROUP

NGM Insurance Company • Old Dominion Insurance Company
Main Street America Assurance Company • MSA Insurance Company
Information Systems and Services Corporation

I certify that at the Annual Meeting of the Directors of the NGM Insurance Company duly called and held at Jacksonville, Florida on March 14, 2008, the following officers were elected and still remain in office:

THOMAS M. VAN BERKELCHAIRMAN OF THE BOARD, PRESIDENT AND CHIEF EXECUTIVE OFFICER
 EDWARD J. KUHL.....EXECUTIVE VICE PRESIDENT, CHIEF FINANCIAL OFFICER & TREASURER
 WILLIAM ANDERSON, DOUGLAS EDEN
 ANTONIA M. PORTERFIELD SENIOR VICE PRESIDENTS
 SUSAN MACK SENIOR VICE PRESIDENT, GENERAL COUNSEL & SECRETARY
 BRIAN J. BEGGS, JOHN THOMPSON, MICHAEL LANCASHIRE,
 GEOFFREY S. MOLINA, BARBARA A. PARKER, HENRY J. PIPPINS.....VICE PRESIDENTS
 JOEL GELB VICE PRESIDENT & CHIEF INFORMATION OFFICER
 EDWARD P. LOTKOWSKI VICE PRESIDENT & CORPORATE ACTUARY
 MARLIN J. CRAWFORD, DAVID S. MEDVIDOFSKY, GREGG EFFNER
 SHARON PETRELL, DEBRA POSPIEL, RICHARD SCHULTZ,
 KEVIN SMICK, DENNIS B. UHLERASSISTANT VICE PRESIDENTS
 TIMOTHY O. MUZZEY, DEAN DORMAN..... ASSISTANT VICE PRESIDENT/ACTUARY
 WILLIAM GARVEY, MICHAEL GROGAN, DEBORAH JANSEN, BRUCE FOX
 CATHERINE PARRISH, ROY VIANDS, TIMOTHY COTTON ASSISTANT SECRETARIES
 THOMAS FRAZIER ASSISTANT TREASURER

RESIDENT VICE PRESIDENTS (Appointed)

MARK BERGER VICE PRESIDENT, SYRACUSE REGION
 STEVE BERRY VICE PRESIDENT, NEW ENGLAND REGION

I further certify that the following statement of the Company is true as take from the records of said Company as of December 31, 2007.

ADMITTED ASSETS

Bonds at Amortized Values \$ 966,032,471
 Stocks at Market Value 483,151,940
 First Mortgage Loans 1,694,330
 Real Estate 5,425,033
 Cash in Office and Banks (4,850,552)
 Short Term Investments 39,526,450
 Agent's Balance (Less than 90 Days) 236,237,624
 Accrued Interest 9,134,099
 Other Assets 80,762,522
TOTAL ADMITTED ASSETS \$1,817,113,917

LIABILITIES


Reserve for Losses \$ 534,743,165
 Reserve for Loss Adjustment Expenses 99,572,720
 Reserve for Unearned Premiums 417,283,967
 Reserve for Other Underwriting Expenses 42,108,715
 Reserve for Taxes, Licenses, and Fees 13,611,173
 Loss Drafts in Transit 17,190,714
 Other Liabilities 73,035,648
 Total Liabilities 1,197,546,102
 Policyholders' Surplus 619,567,815
TOTAL \$1,817,113,917

Securities as deposited by law, included above = \$ 8,258,593

I further certify that the following is true and exact excerpt from Article IV, Section 2 of the By-Laws of NGM Insurance Company which is still valid and existing.

"The board of directors, the president, any vice president, secretary, or the treasurer shall have the power and authority to appoint attorneys-in-fact and to authorize them to execute on behalf of the company and affix the seal of the company thereto, bonds, recognizances, contracts of indemnity or writings obligatory in the nature of a bond, recognition or conditional undertaking and to remove any such attorneys-in-fact at any time and revoke the power and authority given to them."

Subscribed and Sworn to
before me on this 17th day
of March, 2008


P. A. Harrell
 Commission # DD464125
 Expires August 21, 2009
 Notary Public License No. 900-366-7019

IN WITNESS THEREOF,
I hereunto subscribe my
name and affix the seal of
said company this 17th day
of March, 2008



My Commission Expires



NGM INSURANCE COMPANY
A member of The Mack Street American Group

POWER OF ATTORNEY

06-0096205

KNOW ALL MEN BY THESE PRESENTS: That NGM Insurance Company, a Florida corporation having its principal office in the City of Jacksonville, State of Florida, pursuant to Article IV, Section 2 of the By-Laws of said Company, to wit:

"Article IV, Section 2. The board of directors, the president, any vice president, secretary or treasurer shall have the power and authority to appoint attorneys-in-fact and to authorize them to execute on behalf of the company and affix the seal of the company thereto, bonds, recognizances, contracts of indemnity or writings obligatory in the nature of a bond, recognizance or conditional undertaking and to remove any such attorneys-in-fact at any time and revoke the power and authority given to them." does hereby make, constitute and appoint **Judith Williams, Kevin Sixby, Jane Reese, David Stein**

its true and lawful Attorneys-in-fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed, bonds, undertakings, recognizances, contracts of indemnity, or other writings obligatory in nature of a bond subject to the following limitation:

1. **No one bond to exceed Five Hundred Thousand (\$500,000.00)** and to bind NGM Insurance Company thereby as fully and to the same extent as if such instruments were signed by the duly authorized officers of the NGM Insurance Company; the acts of said Attorney are hereby ratified and confirmed.

This power of attorney is signed and sealed by facsimile under and by the authority of the following resolution adopted by the Directors of NGM Insurance Company at a meeting duly called and held on the 2nd day of December 1977.

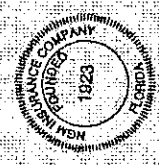
Voted: That the signature of any officer authorized by the By-Laws and the company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof, such signature and seal, when so used being hereby adopted by the company as the original signature of such officer and the original seal of the company, to be valid and binding upon the company with the same force and effect as though manually affixed.

IN WITNESS WHEREOF, NGM Insurance Company has caused these presents to be signed by its Corporate Secretary and its corporate seal to be hereto affixed this 1st day of March, 2006.

NGM INSURANCE COMPANY By:

Susan E Mack

Susan E Mack
Corporate Secretary



State of Florida,
County of Duval.

On this March 1, 2006 before the subscriber a Notary Public of State of Florida in and for the County of Duval duly commissioned and qualified, came William C. McKenna of the NGM Insurance Company, to me personally known to be the officer described herein, and who executed the preceding instrument, and he acknowledged the execution of same, and being by me fully sworn, deposed and said that he is an officer of said Company, aforesaid; that the seal affixed to the preceding instrument is the corporate seal of said Company, and the said corporate seal and his signature as officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Company; that Article IV, Section 2 of the By-Laws of said Company is now in force.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at Jacksonville, Florida this 1st day of March, 2006.

P. A. Harrell
P. A. Harrell
Notary Public
Commission # DD464125
Expires August 21, 2009
Baldwin Trl., Fern - Insurance, Inc. 800-967-1019

I, Brian J. Beggs, Vice President of the NGM Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said Company which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company at Jacksonville, Florida this 21st day of April, 2008

Brian J. Beggs