

LEASE AGREEMENT

THIS LEASE AGREEMENT (hereinafter the "Lease") is made as of March 1, 2012, by and between **PAINTED POST DEVELOPMENT, LLC**, a New York limited liability company, having an address at 261 Steuben Street, Painted Post, New York 14870 (the "Lessor") and **WELLSBORO & CORNING RAILROAD, LLC**, a Delaware limited liability company and federally chartered railroad, having an address at 256 Eagleview Boulevard - PMB 261, Exton, Pennsylvania 19341, on behalf of itself and its affiliates and subsidiaries (collectively, the "Lessee").

WITNESSETH:

WHEREAS, the Village of Painted Post, Steuben County, New York (the "Village") is the sole member of the Lessor, and pursuant to that certain Bargain and Sale Deed, recorded in the Steuben County Clerk's Office on December 1, 2005 at Liber 1988, Page 10 (the "2005 Deed"), the Lessor became the owner of certain real property containing approximately forty-nine (49) acres with certain improvements thereon and located in the vicinity of 450 West Water Street in the Village of Painted Post, Steuben County, New York (the "Premises") all subject to the terms, restrictions and covenants set forth in the 2005 Deed, which 2005 Deed is incorporated herein by reference and subject to any conditions, rights, easements, privileges, covenants or restrictions, of record; and

WHEREAS, in connection with a certain bulk water sale contract, dated as of March 1, 2012 (the "Water Purchase Agreement"), by and between the Village and SWEPI LP ("SWEPI"), the Village will sell a certain amount of surplus municipal water to SWEPI from its existing municipal water supply system at a filling/metering station to be constructed by the Lessee on a portion of the Premises and SWEPI has arranged to have the Lessee withdraw, load and transport such water via rail line from the Premises; and

WHEREAS, the parties desire to enter into this Lease for purposes of allowing the Lessee to undertake a certain project (collectively, the "Project") consisting of: (A) the acquisition by the Lessee of a leasehold interest in the Leased Premises (as defined herein); (B) the design, planning, construction, equipping, operating and maintaining of a (i) filling/metering station on the Leased Premises and related improvements to be used for a filling/metering station (collectively, the "Filling Station Facility Improvements") and (ii) a rail siding on the Leased Premises and related improvements, including related rail loading facilities, to connect to the exiting rail line along Chemung Street adjacent to the Leased Premises to be used solely for the loading and transportation of water from the Leased Premises (collectively the "Rail Siding Facility Improvements, and together with the Filling Station Facility Improvements, the "Improvements") and (C) the acquisition and installation in and around the Improvements of certain machinery, equipment and other items of tangible personal property (collectively, the "Equipment", and collectively with the Leased Premises and the Improvements, the "Facility").

NOW, THEREFORE, the parties hereto, in consideration of Ten Dollars (\$10.00), the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiently of which are hereby acknowledged, do agree as follows:

ARTICLE 1
REPRESENTATIONS AND COVENANTS

Section 1.1. The Lessor makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Lessor is a limited liability company duly organized and validly existing under the laws of the State of New York and has the authority to enter into this Lease and has duly authorized the execution and delivery of this Lease.

(b) The Lessor has title to the Leased Premises.

(c) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease will conflict with or result in a breach of any of the terms, conditions or provisions of any corporate restriction or any agreement or instrument to which the Lessor is a party or by which it is bound (including the 2005 Deed), or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Lessor under the terms of any such instrument or agreement.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Lessor, threatened against or affecting the Lessor, to which the Lessor is a party, and in which an adverse result would in any way diminish or adversely impact on the Lessor's ability to fulfill its obligations under this Lease.

(e) THE LESSOR MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE CONDITION, TITLE, DESIGN, OPERATION, MERCHANTABILITY OR FITNESS OF THE FACILITY OR THAT IT IS OR WILL BE SUITABLE FOR THE LESSEE'S PURPOSES OR NEEDS IN CONNECTION WITH THE PROJECT.

(f) The Lessor makes no representation regarding the existence of any defects or dangerous conditions existing on or with respect to the Facility.

Section 1.2. The Lessee makes the following representations and covenants as the basis for the undertakings on its part herein contained:

(a) The Lessee is a federally chartered railroad and a limited liability company duly organized and validly existing under the laws of the State of Delaware and is authorized to do business in the State of New York, and has the authority to enter into this Lease and has duly authorized the execution and delivery of this Lease.

(b) Neither the execution and delivery of this Lease, the consummation of the transactions contemplated hereby nor the fulfillment of or compliance with the provisions of this Lease will conflict with or result in a breach of any of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Lessee is a party or by which it is bound,

or will constitute a default under any of the foregoing, or result in the creation or imposition of any lien of any nature upon any of the property of the Lessee under the terms of any such instrument or agreement.

(c) The Facility and the operation thereof will conform with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Facility, and the Lessee shall defend, indemnify and hold the Lessor harmless from any liability or expenses resulting from any failure by the Lessee to comply with the provisions of this subsection.

(d) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body pending or, to the knowledge of the Lessee, threatened against or affecting the Lessee, to which the Lessee is a party, and in which an adverse result would in any way diminish or adversely impact on the Lessee's ability to fulfill its obligations under this Lease.

(e) The Lessee covenants that the Facility will comply in all respects with all applicable environmental laws and regulations, and, except in compliance with environmental laws and regulations, (i) that no pollutants, contaminants, solid wastes, or toxic or hazardous substances will be stored, treated, generated, disposed of, or allowed to exist on the Facility except in compliance with all material applicable laws, (ii) the Lessee will take all reasonable and prudent steps to prevent an unlawful release of hazardous substances onto the Facility or onto any other property, (iii) that no asbestos will be incorporated into or disposed of on the Facility and (iv) that no underground storage tanks will be located on the Facility. The Lessee, upon receiving any information or notice contrary to the representations contained in this Section, shall immediately notify the Lessor in writing with full details regarding the same. The Lessee hereby releases the Lessor from liability with respect to, and agrees to defend, indemnify, and hold harmless the Lessor, its directors, members, officers, employees, agents, representatives, successors, and assigns from and against any and all claims, demands, damages, costs, orders, liabilities, penalties, and expenses (including reasonable attorneys' fees) related to any violation or breach of the covenants or the representations contained in this Section. The Lessee shall at reasonable times, upon reasonable prior notice, allow the Lessor and its officers, employees, agents, representatives, contractors and subcontractors reasonable access to the Leased Premises for the purposes of ascertaining site conditions, including, but not limited to, subsurface conditions. Lessee hereby agrees that at all times during which it is operating the Project to comply with, and ensure compliance by its affiliates, subsidiaries, contractors, subcontractors, subtenants or sublessees with, the provisions hereof.

(f) The Lessee has provided to the Lessor a certificate or certificates of insurance containing all of the insurance provision requirements hereunder. If the insurance is canceled for any reason whatsoever, or the same is allowed to lapse or expire, or there be any reduction in amount, or any material change is made in the coverage, such cancellation, lapse, expiration, reduction or change shall not be effective as to any mortgagee, loss payee or additional insured until at least thirty (30) days after receipt by such party of written notice by the insurer of such cancellation, lapse, expiration, reduction or change.

(g) The Lessee agrees that the Facility resulting from the conveyance hereunder will be sufficient and suitable for the purposes intended by this Lease and agrees that Lessor has made no representations or statements as to the fitness or suitability of the Facility for Lessee's intended use in connection with the Project. The Lessee accepts the Leased Premises in its "As Is" condition "with all faults" subject to the terms, restrictions and covenants set forth in the 2005 Deed which is incorporated herein by reference and subject to any conditions, rights, easements, privileges, covenants or restrictions, of record. The Lessee acknowledges and agrees that the restrictions and covenants contained in the 2005 Deed are binding upon and enforceable against the Lessee, its successors and assigns, and shall run with the Leased Premises, and are forever enforceable by the New York State Department of Environmental Conservation ("DEC") and agrees and covenants to conform and observe such covenants and restrictions. The Lessee, for itself, its successors and assigns, and any and all users or occupiers of the Leased Premises, (i) covenants that it will not undertake or allow any activity on or use of the Leased Premises that would violate the use restrictions and covenants contained in the 2005 Deed and (ii) will indemnify, defend and hold harmless the Lessor, its successors and assigns for breach of the aforementioned covenant.

(h) The Lessor acknowledges the following notice provided under the 2005 Deed: Notice and warning is provided that polynuclear aromatic hydrocarbons ("PAHs"), which are semi-volatile organic compounds, are located in soils at and below the ground surface of the Premises. Notice and warning is provided that such PAHs may pose a risk to humans in a scenario where future use of the Premises includes invasive activities at or below the surface of the Premises, and appropriate precautions should be taken.

(i) The Lessee hereby agrees to pay the fees and costs of local counsel to the Lessor and/or the fees and costs of transaction counsel incurred in connection with the Project, and any and all fees, costs and expenses incurred in connection with the Project, including recording fees and taxes and any other fees or expenses due hereunder.

ARTICLE 2 **DESCRIPTION AND USE**

Section 2.1. The Lessor hereby leases to the Lessee and the Lessee hereby accepts from the Lessor a portion of the Premises constituting approximately 11.8 acres of real property with certain improvements thereon and subject to any conditions, rights, easements, privileges, covenants or restrictions, of record, as more particularly described on Exhibit A annexed hereto (the "Leased Premises") and made a part hereof.

Section 2.2. This Lease is made subject to any conditions, rights, easements, privileges, covenants or restrictions, of record and subject to the terms, restrictions and covenants set forth in the 2005 Deed, and in particular:

(a) the Lessor and Lessee hereby acknowledge and agree that pursuant to the 2005 Deed, no disturbance or excavation of surface or subsurface soils or other materials at or below the Leased Premises shall be conducted without prior notification thereof to or consent by the DEC;

(b) the Lessee hereby acknowledges and agrees that pursuant to the 2005 Deed, any disturbance or excavation of surface or subsurface soils or other materials at or below the Leased Premises shall be conducted (i) consistent with the Remedial Work Plan and the Soil Fill Management Protocol attached thereto, all as more particularly described in SCHEDULE "D" attached to the 2005 Deed and made a part hereof and as may be amended by and between DEC and the Lessor from time to time, or (ii) as otherwise permitted by the DEC;

(c) the Lessee hereby acknowledges and agrees that pursuant to the 2005 Deed, it shall prohibit the use of ground water underlying the Premises (unless as otherwise permitted in accordance with the 2005 Deed), provided such prohibition shall be strictly limited to ground water withdrawn from within the boundaries of the Premises and

(d) the Lessee hereby acknowledges and agrees that pursuant to the 2005 Deed, it shall notify the Lessor in writing sixty (60) days, but not more than one hundred and twenty (120) days, prior to the onset of construction activities as related to the Project, unless as otherwise directed by the Lessor; provided further, that the Lessee, prior to the onset of construction activities, hereby acknowledges and agrees to submit an application for building permit (or other acceptable form of notice) for purposes of notification regarding the commencement of construction activities as related to the Project and as related to any offsite construction activities located off the Leased Premises.

(e) the Lessee hereby acknowledges and agrees to conduct the annual inspections and reporting pursuant to and in accordance with SCHEDULE "D" attached to the 2005 Deed (the form of environmental inspection form is attached hereto as Exhibit D and made a part hereof).

(f) the parties hereto agree to obtain environmental insurance, effective upon execution of this Lease and effective through the initial Term of this Lease, for the benefit of the Lessee, the Lessor, the Village and Ingersoll-Rand Corporation in a form, coverage, content and a carrier acceptable to Ingersoll-Rand Corporation in its sole reasonable discretion (the "Environmental Insurance"), and the parties hereto further agree that (i) the upfront premium for said Environmental Insurance shall be paid in full as follows, 1/3 by the Lessee and 2/3 by the Village and (ii) any deductibles associated with the Environmental Insurance shall be paid for by the Lessee.

Section 2.3. The Lessee agrees to use the Facility solely in connection with the Project and in accordance with all applicable zoning, planning, building and environmental laws and regulations of governmental authorities having jurisdiction over the Facility including all applicable state and federal railroad safety standards, and the Lessee hereby covenants not to use the Facility for any other purpose without the prior written consent of the Lessor. The Lessee shall defend, indemnify and hold the Lessor harmless from any liability or expenses resulting from any failure by the Lessee to comply with the provisions of this Section.

ARTICLE 3 TERM

Section 3.1. The term of this Lease shall commence on the date hereof (the "Lease Date") and shall terminate on the fifth (5th) anniversary of the date hereof (the "Term") unless sooner terminated in accordance with the terms and provisions contained in this Lease. Prior to the expiration of this Lease, the Lessee shall have the right to request, in writing, an extension of this Lease and any such extension by the Lessor shall be evidenced in writing and signed by each of the parties hereto.

ARTICLE 4

LEASE RENT, FEES AND EXPENSES

Section 4.1. The Lessee shall pay the Lessor rent in the sum of one (\$1.00) dollar per year in each year during the Term of this Lease. It is understood and agreed that the terms and conditions of this Lease including, but not limited to, the Lessee's obligation to undertake the Project, are part of the consideration for the lease of the Leased Premises.

Section 4.2. It is understood and agreed by the parties hereto that none of the costs, fees and/or expenses incurred in connection with the undertaking of the Project and the performance of Lessee's obligations hereunder shall be an obligation of the Lessor, and the Lessor shall incur no liability whatsoever, financial or otherwise, therefor, and it being understood and agreed to by the parties hereto that such cost, fees and/or expenses shall be solely borne by the Lessee.

Section 4.3. In addition to the payments of rent pursuant to Section 4.1 hereof, throughout the Term of this Lease, the Lessee shall pay to the Lessor as additional rent, within thirty (30) days of the receipt of demand therefor, an amount equal to the sum of the reasonable costs, fees and expenses of the Lessor and the members thereof incurred (i) in connection with the Project and (ii) in connection with the carrying out of the Lessor's duties and obligations under this Lease.

Section 4.4. [Reserved].

Section 4.5. The Lessee agrees to make the above-mentioned payments, without any further notice, in lawful money of the United States of America as, at the time of payment, shall be legal tender for the payment of public or private debts. In the event the Lessee shall fail to timely make any payment required hereunder, the Lessee shall pay the same together with interest from the date said payment is due at the rate of six percent (6%) per annum.

ARTICLE 5

REMEDIES TO BE PURSUED AGAINST CONTRACTORS AND SUBCONTRACTORS AND THEIR SURETIES

Section 5.1. In the event of a default by any contractor or any other person or subcontractor under any contract made by it in connection with the Facility or in the event of a breach of warranty or other liability with respect to any materials, workmanship, or performance guaranty, the Lessee at its sole cost and expense, either separately or in conjunction with others, may pursue any and all remedies available to it and the Lessor, as appropriate, against the

contractor, subcontractor or manufacturer or supplier or other person so in default and against such surety for the performance of such contract. The Lessee may prosecute or defend any action or proceeding or take any other action involving any such contractor, subcontractor, manufacturer, supplier or surety or other person which the Lessee deems reasonably necessary, and in such events the Lessor, at the Lessee's expense, hereby agrees to cooperate fully with the Lessee and to take all action necessary to effect the substitution of the Lessee for the Lessor (including but not limited to reasonable attorneys' fees) in any such action or proceeding.

ARTICLE 6

CONSTRUCTION OF IMPROVEMENTS FOR THE PROJECT

Section 6.1. The Lessee, in compliance with the provisions hereof, and in accordance with the plans and specifications as approved by the Lessor and attached hereto as **Exhibit B** and made a part hereof (the "Plans and Specifications"), shall, at no expense to the Lessor, complete the Project in accordance with the provisions hereof. Notwithstanding anything herein to the contrary, the Lessor and/or the Village shall have the exclusive right to approve, inspect, change or modify any water metering equipment relating to the filling and metering of water at the Facility.

Section 6.2. The undertaking of the Project shall comply with the 2005 Deed and all applicable laws, ordinances, regulations or orders of any Federal, State, Municipal or other public authority affecting the same, including applicable Federal, Municipal, County and State building codes and all requirements of the New York Board of Fire Underwriters or other similar body having jurisdiction hereof.

(a) No material changes in the Plans and Specifications may be made without the prior written consent of the Lessor.

Section 6.3. The Lessee, at its sole cost and expense, shall apply for all permits and approvals as may be required in connection with the Project by any and all governmental authorities having jurisdiction thereof.

Section 6.4. The Lessee shall complete the Project with due diligence and substantially in accordance with the Plans and Specifications in a good, careful, proper and workmanlike manner in accordance with all applicable provisions of law. Title to the Improvements and to all Equipment utilized in connection with the construction and operation of the Improvements shall be vested in the Lessee immediately, provided, however, that any water metering equipment utilized in connection with the construction and operation of the Filling Station Facility Improvements shall be vested in the Lessor. Notwithstanding the foregoing, all of the Lessee's right, title and interest in and to the Facility shall revert to the Lessor upon the termination of this Lease.

Section 6.5. At all times during the Term of this Lease, the Lessor (and/or the Village or their respective designees) may, from time to time, inspect the Facility. In the event that during such inspection, the Lessor (and/or the Village or their respective designees) reasonably determines that the construction and operation of the Facility is not being performed

substantially in accordance with the Plans and Specifications, then the Lessor shall give prompt written notice to the Lessee, specifying in detail the particular deficiency, omission, or other respect, and the Lessee shall remedy the deficiency within a commercially reasonable time. In the event the Lessee disputes the Lessor's objection that the construction is not being performed in accordance with the Plans and Specifications, then the Lessee may respond in writing within five (5) business days setting forth with specificity the reason or reasons why it believes the construction conforms to the Plans and Specifications. Within a reasonable time thereafter the Lessor, after such reasonable consultation and review as it may deem appropriate, shall advise the Lessee in writing as to whether the Lessor's original objection shall be withdrawn, upheld or modified.

ARTICLE 7 LIENS

Section 7.1. Lessee will not create or permit to be created, and will, at its sole cost and expense, discharge within thirty (30) days after notice of the filing thereof, any lien, encumbrance or charge upon the Facility.

ARTICLE 8 OPERATIONS AND COMPLIANCE WITH LAWS

Section 8.1. The Lessee agrees that it will, throughout the term of this Lease, promptly comply in all material respects with all applicable statutes, codes, laws, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all applicable federal, state, county, municipal and other governments, departments, commissions, boards, companies or associations insuring the premises, courts, authorities, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter may be applicable to the Facility or any part thereof, or to any use, manner of use or condition of the Facility or any part thereof. The Lessee, in compliance with the provisions hereof, and in accordance with the Stormwater Control Facility Maintenance Requirements as prepared by the Lessee's engineers, Hunt Engineers, Architects, & Land Surveyors, PC, and attached hereto as Exhibit C and made a part hereof, shall, at no expense to the Lessor, complete, operate and maintain the Project in accordance with the provisions hereof and Exhibit C in order to satisfy the DEC's Stormwater Pollution Prevention Plan ("SWPPP") requirements.

Section 8.2. Notwithstanding the provisions of section 8.1 hereof, the Lessee may in good faith contest the validity of the applicability of any requirement of the nature referred to in such section 8.1 hereof. In such event, the Lessee may fail to comply with the requirement or requirements so contested during the period of such contest and any appeal therefrom. The Lessee will endeavor to give notice of the foregoing to the Lessor but failure to do so shall not be a breach of this Lease.

ARTICLE 9
MAINTENANCE AND ALTERATIONS

Section 9.1. Lessee shall keep all areas of the Facility clean and in good order and shall make all required repairs, at no cost to the Lessor, except as may be provided in any separate written agreement signed by the parties hereto. In the event Lessee fails to commence to so maintain, clean or repair any portion of the Facility within a period of thirty (30) days after written notice from the Lessor requesting such work, or in the event Lessee fails to diligently continue to completion any such work, the Lessor may, at its sole option and at the sole cost and expense of the Lessee, and in addition to any other remedies available to it, enter the Facility and perform the required maintenance, cleaning or repairs.

ARTICLE 10
NONRECOURSE TO LESSOR

Section 10.1. The obligations and agreements of the Lessor contained herein and any other instrument or document executed in connection herewith, and any other instrument or document supplemental hereto or thereto, shall be deemed the obligations and agreements of the Lessor, and not of any member, officer, agent or employee of the Lessor in his/her individual capacity, and the members, officers, agents and employees of the Lessor shall not be liable personally hereon or thereon or be subject to any personal liability or accountability based upon or in respect hereof or thereof or of any transaction contemplated hereby or thereby.

Section 10.2. The obligations and agreements of the Lessor contained hereby shall not constitute or give rise to an obligation of the Village and the Village shall not be liable hereon or thereon and, further, such obligations and agreements shall not constitute or give rise to a general obligation of the Village, but rather shall constitute limited obligations of the Lessor, payable solely from the revenues of the Lessor derived from the sale or other disposition of the Facility.

Section 10.3. No order or decree of specific performance with respect to any of the obligations of the Lessor hereunder shall be sought or enforced against the Lessor unless (i) the party seeking such order or decree shall first have requested the Lessor in writing to take the action sought in such order or decree of specific performance, and ten (10) days shall have elapsed from the date of receipt of such request, and the Lessor shall have refused to comply with such request (or, if compliance therewith would reasonably be expected to take longer than ten (10) days, shall have failed to institute and diligently pursue action to cause compliance with such request) or failed to respond within such notice period, (ii) if the Lessor refuses to comply with such request and the Lessor's refusal to comply is based on its reasonable expectation that it will incur fees and expenses, the party seeking such order or decree shall place, in an account with the Lessor, an amount or undertaking sufficient to cover such reasonable fees and expenses, and (iii) if the Lessor refuses to comply with such request and the Lessor's refusal to comply is based on its reasonable expectation that it or any of its members, officers, agents or employees shall be subject to potential liability, the party seeking such order or decree shall agree to indemnify and hold harmless the Lessor and its members, officers, agents and employees against all liability expected to be incurred as a result of compliance with such request.

ARTICLE 11
ASSIGNMENT; SUBLEASING

Section 11.1. Except as otherwise acknowledged or provided herein, the Lessee shall not assign, sublet, subcontract or otherwise dispose of this Lease, or any right, duty or interest herein, without the prior written consent of the Lessor, nor shall this Lease be transferred by operation of law, it being the purpose and spirit of this instrument to grant the rights under this Lease solely to the Lessee named herein. No subcontracting, subletting or other such disposition of this Lease (other than an assignment approved by the Lessor), either with or without such consent of the Lessor, shall serve to relieve the Lessee of its obligations hereunder.

Section 11.2. The Lessor may from time to time grant licenses, leases, easements, rights of way and other permits to use the Facility for any purpose that does not unreasonably interfere with the Lessee's use of the Facility for the purposes stated hereunder. The parties hereto agree that the Lessor will receive and be the sole owner of any and all monies paid by any person for use of the Facility pursuant to any such lease, easements, licenses or other agreement, unless the parties hereto agree in writing to a different arrangement. The Lessor may convey all or a portion of its interest in the Premises to such other party as it may choose so long as such conveyance does not unreasonably interfere with the Lessee's use of the Facility for the purposes stated hereunder.

ARTICLE 12
INSURANCE, DAMAGE, DESTRUCTION

Section 12.1. At all times throughout the Term of this Lease, including, without limitation, during any period of construction of the Facility, the Lessee shall maintain or cause to be maintained the following insurance:

(a) Insurance against loss or damage by fire, lightning and other casualties, with a uniform standard extended coverage endorsement, such insurance to be in an amount not less than the full replacement value of the Facility, exclusive of excavations and foundations, as determined by a recognized appraiser or insurer selected by the Lessee; or as an alternative to the foregoing the Lessee may insure the Facility under a blanket insurance policy or policies covering not only the Facility but other properties as well, provided a periodic appraisal is performed and provided to the Lessor.

(b) Workers' compensation insurance, disability benefits insurance and each other form of insurance which the Lessor or the Lessee is required by law to provide, covering loss resulting from injury, sickness, disability or death of employees of the Lessee who are located at or assigned to the Facility.

(c) Insurance against loss or losses from liabilities imposed by law (including the contractual liability assumed by the Lessee under Article 13) and arising from personal injury and death or damage to the property of others caused by accident or occurrence, with limits of not less than \$1,000,000 per accident or occurrence on account of personal injury, including death resulting therefrom, and \$1,000,000 per accident or occurrence on account of damage to the property of others, excluding liability imposed upon the Lessee by any applicable workers'

compensation law; and a blanket excess liability policy in the amount not less than \$3,000,000, protecting the Lessee against any loss or liability or damage for personal injury or property damage.

(d) [Reserved].

(e) Prior to completion of the construction of the Facility, any contractor or subcontractor constructing the Facility shall be required to carry worker's compensation and general liability insurance with limits reasonably acceptable to the Lessor and containing coverages for premises operations, owner's protective, contractor's protective, contractual liability, personal injury liability, broad form property damage, explosion hazard, collapse hazard and underground property damage hazard and coverage for all owned, non-owned and hired vehicles with non-ownership protection for the contractor's or subcontractor's employees.

THE LESSOR DOES NOT IN ANY WAY REPRESENT THAT THE INSURANCE SPECIFIED HEREIN, WHETHER IN SCOPE OR IN LIMITS OF COVERAGE, IS ADEQUATE OR SUFFICIENT TO PROTECT THE LESSEE'S BUSINESS OR INTERESTS.

Section 12.2. The following additional provisions respecting insurance shall apply:

(a) All insurance required hereunder shall name the Lessor and the Village as additional insureds. If Lessee elects to self-insure: At the Lessee's election, exercised from time to time, the Lessee may self insure with respect to the insurance required by Sections 12.1(b) and (c). Except to the extent the Lessee elects from time to time to self-insure, as provided in the preceding sentence, all insurance shall be procured and maintained in financially sound and generally recognized responsible insurance companies selected by the Lessee and authorized to write such insurance in the State of New York. Such insurance may be written with deductible amounts comparable to those on similar policies carried by other companies engaged in businesses similar in size, character and other respects to those in which the Lessee is engaged. All policies evidencing such insurance shall provide for (i) payment of the losses of the Lessee and the Lessor as their respective interests may appear, and (ii) at least thirty (30) days written notice of the cancellation thereof to the Lessee, the Lessor and the Village.

(b) All such certificates of insurance of the insurers that such insurance is in force and effect, shall be deposited with the Lessor on or before the commencement of the Term of this Lease. Prior to expiration of the policy evidenced by said certificates, the Lessee shall furnish the Lessor and the Village evidence that the policy has been renewed or replaced or is no longer required by this Lease. Within one hundred twenty (120) days after the end of each of its fiscal years, the Lessee shall file with the Lessor and the Village a certificate of the Lessee to the effect that the insurance it maintains with respect to the Project complies with the provisions of this Article 12 and that duplicate copies of all policies or certificates thereof have been filed with the Lessor and are in full force and effect.

Section 12.3. The net proceeds of the insurance carried pursuant to the provisions hereof shall be applied as follows:

(a) the net proceeds of the insurance required by Section 12.1(a) hereof shall be applied as provided in Section 12.4 hereof, and

(b) the net proceeds of the insurance required by Section 12.1(b) and (c) hereof shall be applied toward extinguishment or satisfaction of the liability with respect to which such insurance proceeds may be paid, provided that the Lessee, at the Lessee's option, may defend any such claim.

Section 12.4. If the Facility shall be damaged or destroyed (in whole or in part) at any time during the term of this Lease:

(a) the Lessor shall have no obligation to replace, repair, rebuild or restore the Facility;

(b) there shall be no abatement or reduction in the amounts payable by the Lessee under this Lease; and

(c) except as otherwise provided in Section 12.5 hereof, the Lessee shall promptly replace, repair, rebuild or restore the Facility to substantially the same condition and value as an operating entity as existed prior to such damage or destruction, with such changes, alterations and modifications as may be desired by the Lessee and may use insurance proceeds for all such purposes.

All such replacements, repairs, rebuilding or restoration made pursuant to this Section 12.4, whether or not requiring the expenditure of the Lessee's own money, shall automatically become a part of the Facility as if the same were specifically described herein.

Section 12.5. The Lessee shall not be obligated to replace, repair, rebuild or restore the Facility if the Lessee shall exercise its option to terminate this Lease. In such event, the net proceeds of the insurance shall be applied to replace, repair, rebuild or restore the Facility

Section 12.6. If the Lessee fails (i) to pay any tax, assessment or other governmental charge required to be paid by Section 16.5 hereof or (ii) to maintain any insurance required to be maintained by Section 12.1 hereof, the Lessor may pay such tax, assessment or other governmental charge or the premium for such insurance. The Lessee shall reimburse the Lessor for any amount so paid together with interest thereon from the date of payment at six percent (6%) per annum.

ARTICLE 13 **HOLD HARMLESS PROVISION**

Section 13.1. Notwithstanding any other provision contained herein or within any other agreement by and among the parties hereto, the Lessee hereby releases the Lessor and the Village from, agrees that the Lessor and the Village shall not be liable for, and agrees to indemnify, defend and hold the Lessor and the Village and their respective officers, members, directors, agents and employees, and their respective successors, assigns or personal representatives, harmless from and against any and all actions, claims, losses and expenses arising from or pertaining to the Lessee's obligations hereunder or the construction, equipping

and leasing of the Facility or arising by reason of or in connection with the Lessee's occupation or the use thereof or the Lessee's presence on, in or about the Facility, including, without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. The provisions of this paragraph shall survive termination of this Lease.

ARTICLE 14 **BANKRUPTCY**

Section 14.1. If at any time during the Term of this Lease, any petition in bankruptcy shall be filed by or against the Lessee or if the Lessee shall be adjudicated a bankrupt; or if a Receiver shall be appointed to take possession of the Lessee's property; or if the Lessee shall make any assignment for the benefit of creditors, this Lease shall, at the option of the Lessor, immediately cease, terminate and expire. Nothing hereunder shall relieve the Lessee from any liability incurred under this Lease, and the Lessee covenants and agrees to yield and deliver to the Lessor possession of the Facility promptly and in good condition, reasonable wear and tear excepted, on the date of the cessation of this Lease, whether such cessation be by termination, expiration or otherwise.

ARTICLE 15 **TERMINATION**

Section 15.1. In the event that the Lessee defaults in the performance of any material term, condition or covenant herein contained, the Lessor, at its option and in addition to any other remedy it might have, may terminate this Lease upon forty-five (45) days' written notice to Lessee. The Lessee shall have the forty-five (45) day notice period to cure such default (hereinafter the "Lessee Cure Period"). If such default remains uncured at the end of the Lessee Cure Period, the Lessor, at its sole option, may extend the Lessee Cure Period. Upon the expiration of the Lessee Cure Period (as may have been extended), absent further extension, termination becomes effective.

Section 15.2. In the event that the Lessor defaults in the performance of any material term, condition or covenant herein contained, the Lessee, at its option and in addition to any other remedy it might have, may terminate this Lease upon forty-five (45) days' written notice to Lessor. The Lessor shall have the forty-five (45) day notice period to cure such default (hereinafter the "Lessor Cure Period"). If such default remains uncured at the end of Lessor Cure Period, the Lessee, at its sole option, may extend the Lessor Cure Period. Upon the expiration of the Lessor Cure Period (as may have been extended), absent further extension, termination becomes effective.

Section 15.3. The Lessee shall have the option at any time to terminate this Lease upon filing with the Lessor a certificate signed by an authorized representative of the Lessee stating the Lessee's intention to do so pursuant to this Section together with payment in full of any amounts owed to the Lessor hereunder.

Section 15.4. The Lessor shall have the option at any time to terminate this Lease upon filing with the Lessee a certificate signed by an authorized representative of the Lessor stating the Lessor's intention to do so pursuant to this Section and to demand payment in full of any amounts owed to the Lessor hereunder.

Section 15.5. In the event of termination, Lessee agrees to peaceably surrender the Facility to Lessor. Upon such surrender, the Lessor (or its designee or any subsequent lessee including, but not limited to, SWEPI LP or their designee) may re-enter and reoccupy the Facility and use any property of the Lessee located at the Facility on the date of termination in order to operate the activities on the Facility.

Section 15.6. No holding over by Lessee after the termination or expiration of this Lease shall operate to extend or renew this Lease for any further term whatsoever. In addition to any other remedy available to the Lessor, any holding over by Lessee without the written consent of the Lessor shall make Lessee liable to the Lessor for all damages incurred directly or indirectly as a result thereof.

Section 15.7. Upon termination of this Lease, the Lessee shall immediately initiate action to obtain from the Surface Transportation Board or other applicable regulatory body, at Lessee's sole cost and expense, any required approval to abandon, discontinue or transfer operating authority with respect to the Facility.

ARTICLE 16

MISCELLANEOUS PROVISIONS

Section 16.1. **No Joint Venture Created.** The parties hereto mutually agree that by entering into this Lease the parties hereto are not entering into a joint venture.

Section 16.2. **Force Majeure.** Neither the Lessor nor the Lessee, as the case may be, shall be deemed in breach hereof if it is prevented from performing any of the obligations hereunder by reason of acts of God, acts of the public enemy, acts of superior governmental authority, strikes or labor disputes, floods, riots, rebellion, sabotage, or any similar other circumstances not within its reasonable control.

Section 16.3. **Inspection.** The Lessor, its agent or delegate, or the Village, its agent or delegate, shall be entitled to enter the Facility for the purposes of inspecting, observing and monitoring any aspect of the Lessee's operations, provided such activities do not unreasonably interfere with the Lessee's operations. The Lessee shall also permit inspection of same by any federal, state, Lessor or municipal officer having jurisdiction. Any and all violations issued as a result of such inspection shall be promptly remedied at no cost to the Lessor.

Section 16.4. **Condemnation.** In the event that the Facility, or such a substantial part thereof so as to render impossible or unreasonable the operation of the Facility, be taken by eminent domain, this Lease shall terminate on the date upon which title vests in the condemnor, and neither party shall have any liability to the other on account of such termination except with respect those provisions which survive hereunder. In the event of any other taking, this Lease

shall continue in full force and effect. Any payments or proceeds made in connection with any taking of the Facility shall belong and be paid to the Lessor.

Section 16.5. **Taxes, Assessments and Utility Charges.** The Lessee agrees to pay, as the same respectively become due, (i) all taxes and governmental charges of any kind whatsoever which may at any time be lawfully assessed or levied against or with respect to the Facility and any machinery, equipment or other property installed or brought by the Lessee therein or thereon, including, without limiting the generality of the foregoing, any taxes levied upon or with respect to the income or revenues of the Lessor from the Facility, (ii) all utility and other charges, including "service charges", incurred or imposed for the operation, maintenance, use, occupancy, upkeep and improvement of the Facility, and (iii) all assessments and charges of any kind whatsoever lawfully made by any governmental body for public improvements; *provided*, that, with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the Lessee shall be obligated under this Lease to pay only such installments as are required to be paid during the Lease Term. The Lessee, at its own expense and in its own name and on behalf or in the name and on behalf of the Lessor but with notice to the Lessor, may in good faith contest any such taxes, assessments and other charges. In the event of any such contest, the Lessee may, with prior written notice to the Lessor, permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Lessor reasonably requests payment prior to settlement.

Section 16.6. **Utility and Sewer Lines.** The Lessor reserves the right to lay, erect, construct, use, operate and maintain utility and sewer lines in, through, under and across the Facility provided that such activity does not unreasonably interfere with the operation of the Project. The Lessor will notify the Lessee of any such proposed activity and coordinate such activity with the Lessee in order to minimize any interference with the operations of the Project.

Section 16.7. **Risk of Operation.** The Lessee assumes all risks in the undertaking and operation of the Project.

Section 16.8. **Binding Effect.** This Lease shall inure to the benefit of and shall be binding upon the Lessor and the Lessee, and their respective successors and assigns.

Section 16.9. **Severability.** In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 16.10. **Amendments, Changes and Modifications.** This Lease may not be amended, changed, modified, altered or terminated without the concurring written consent of the parties hereto.

Section 16.11. **Execution of Counterparts.** This Lease may be executed in several counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

Section 16.12. **Applicable Law.** This Lease shall be governed, construed and enforced in accordance with the laws of the State of New York for contracts to be wholly performed therein.

Section 16.13. **Recording and Filing.** This Lease (or a memorandum thereof) shall be recorded or filed, as the case may be, in the Office of the Clerk of Steuben County, New York, or in such other office as may at the time be provided by law as the proper place for the recordation or filing thereof.

Section 16.14. **Survival of Obligations.** All indemnities hereunder shall survive any termination or expiration of this Lease.

Section 16.15. **Ambiguity.** In the event of any ambiguity in any of the terms of this Lease, any such ambiguity shall not be construed for or against any party hereto based on which party was the author of the term in question.

Section 16.16. **Remedies Cumulative.** The failure of either party to insist, in any one or more instances, upon strict performance of any term or condition herein contained by the other party shall not be deemed a waiver or relinquishment for the future of such term or condition, but the same shall remain in full force and effect. Acceptance by the Lessor of payment of any fee due hereunder with knowledge of a breach of any term or condition hereof shall not be deemed a waiver of any such breach, and no waiver by the Lessor of any provision hereof shall be implied.

Section 16.17. **Consents, Approvals, Acceptance, and Satisfaction.** Any consent, approval or evidence of satisfaction required hereunder by the Lessor, the Lessee or any other party shall not be unreasonably withheld, conditioned or delayed, except where any such consent, approval or satisfaction is specifically stated to be at the sole discretion or sole option of such party.

Section 16.18. **Notices.** All notices of any nature referred to in this Lease shall be in writing and delivered by hand or sent registered or certified mail, return receipt requested, postage pre-paid addressed as follows:

To the Lessor: Painted Post Development, LLC
 c/o Village of Painted Post
 261 Steuben Street
 Painted Post, New York 14870
 Attn: Mayor

With a Copy to: Yorio & Roche
 145 West High Street
 Painted Post, New York 14870
 Attn: Ronald Yorio, Esq.

And to: Harris Beach PLLC
 99 Garnsey Road

Pittsford, New York 14534
Attn: Munesh Patel, Esq.

To the Lessee: Wellsboro & Corning Railroad, LLC
256 Eagleview Boulevard - PMB 261
Exton, Pennsylvania 19341
Attn: Thomas Myles

With a copy to: MacElree Harvey, Ltd.
17 West Miner Street
West Chester, Pennsylvania 19382
Attn: Brian L. Nagle, Esq.

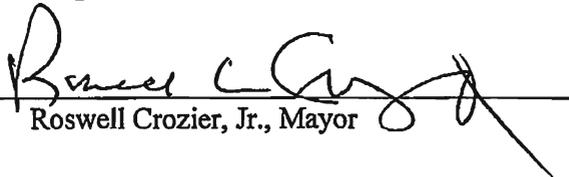
[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

PAINTED POST DEVELOPMENT, LLC

By: Village of Painted Post, its Sole Member

By: 
Roswell Crozier, Jr., Mayor

WELLSBORO & CORNING RAILROAD, LLC

By: _____
A. Thomas Myles, Member

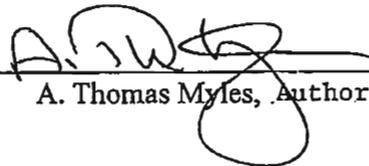
IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

PAINTED POST DEVELOPMENT, LLC

By: Village of Painted Post, its Sole Member

By: _____
Roswell Crozier, Jr., Mayor

WELLSBORO & CORNING RAILROAD, LLC

By:  _____
A. Thomas Myles, Authorized Person

[ACKNOWLEDGEMENT PAGE TO LEASE AGREEMENT]

STATE OF NEW YORK)
COUNTY OF STEUBEN) SS:

On the 23 day of Feb in the year 2012, before me, the undersigned, personally appeared **Roswell Crozier, Jr.**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.



Notary Public

MUNESH PATEL
Notary Public, State of New York
No. 02PA6109397
Qualified in Monroe County
Commission Expires 5/10/2012

COMMONWEALTH OF PENNSYLVANIA)
County of _____)

SS.:

On the _____ day of _____ in the year 2012, before me, the undersigned, personally appeared **A. Thomas Myles**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before me the undersigned in _____

_____, Pennsylvania.
[Address]

[ACKNOWLEDGEMENT PAGE TO LEASE AGREEMENT]

STATE OF NEW YORK)
COUNTY OF STEUBEN) SS:

On the ___ day of _____ in the year 2012, before me, the undersigned, personally appeared Roswell Crozier, Jr., personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

COMMONWEALTH OF PENNSYLVANIA)

County of Chester) ss.:

On the 9th day of March in the year 2012, before me, the undersigned, personally appeared A. Thomas Myles, personally known to me or proved to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity(ies), and that by his/her/their signatures on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument, and that such individual made such appearance before me the undersigned in West Chester

17 W. Miner St., Pennsylvania.
[Address]

Carol A. Gettz

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Carol A. Gettz, Notary Public
West Chester Boro, Chester County
My Commission Expires March 12, 2014
Member, Pennsylvania Association of Notaries