

NON-SURFACE USE OIL AND GAS COOPERATIVE AGREEMENT

Donegal Lake

This agreement made and entered into this 11th day of October, 2011 ("Effective Date") by and between the **COMMONWEALTH OF PENNSYLVANIA, acting through the PENNSYLVANIA FISH AND BOAT COMMISSION**, with an address at 1601 Elmerton Avenue, Harrisburg, Pennsylvania 17110, hereinafter referred to as "Commission" and **WILLIAMS PRODUCTION APPALACHIA LLC**, a Delaware limited liability corporation authorized to do business within the Commonwealth of Pennsylvania, with its principal office located at One Williams Center, Tulsa, Oklahoma 74172 and with Pennsylvania offices located at 1000 Town Centre Boulevard, Canonsburg, Pennsylvania 15317, hereinafter referred to as "Producer."

WITNESSETH:

WHEREAS, Commission is authorized by section 744 of the Fish and Boat Code (30 Pa. C.S. §744) to dispose of, by lease, sale or otherwise, oil and gas or rights therein on or under lands to which it has acquired title; and

WHEREAS, Commission is the owner of the oil and gas rights underlying 232.56 acres, more or less, of its property known as Donegal Lake in Donegal Township, Westmoreland County, approximately shown on Exhibit A and more particularly described on Exhibit B, both of which are attached hereto and made a part hereof ("Premises"); and

WHEREAS, the Commission has made a determination that the entering into a cooperative agreement for the removal and production of oil and natural gas from the Premises with no surface disturbance hereinafter described will be in the best interest of the Commission.

NOW, THEREFORE, in consideration of the sum of One Dollar (\$1.00), paid by Producer to Commission, receipt of which is hereby acknowledged, and other mutual covenants and agreements hereinafter set forth, Commission does hereby enter into this Agreement exclusively with Producer for the purposes only of exploring, drilling, operating, producing, removing, measuring and marketing of oil, gas, and liquid hydrocarbons, including the pooling of all or a portion of the Premises shown on the map

in Exhibit A. It is understood that the acreage and the location shown on Exhibit A are approximate.

Unless otherwise approved in writing by the Commission, this Agreement is limited to non-surface use and does not convey any surface rights associated with the Premises, except for seismic surveying purposes as permitted under Paragraph 11.1.

TERM OR PERIOD

1.1 It is agreed that this Agreement shall remain in force for a term of five (5) years from the Effective Date, subject to the conditions hereinafter set forth and shall continue from year to year thereafter so long as oil or gas is produced in paying quantities from the Premises hereunder or this Agreement is maintained in accordance with Paragraphs 2.1 and 10.1 or written approval from the Commission is obtained at least thirty (30) days prior to the five (5) year anniversary of the Effective Date of the Agreement, based upon Producer's bona fide attempts to secure or restore the production of oil or gas by conducting drilling, or reworking operations on the Premises hereunder, or be engaged in the abandonment, or plugging of wells or removal of equipment therefrom.

PAID-UP BONUS, DELAY IN MARKETING, AND SHUT-IN PAYMENTS

2.1 In the event a well drilled hereunder is a producing well and Producer is unable to market the production therefrom, or should production cease from a producing well drilled under the Premises, or should Producer desire to shut-in producing wells, Producer agrees to pay Commission annually, commencing on the date one year from the completion of such producing well or the cessation of production, or the shutting in of producing wells, a shut-in payment in the amount of Fifty and No/100 Dollars (\$50.00) per net acre, provided no other well is producing on the Premises or lands pooled or unitized therewith. This shut-in payment shall continue on an annual basis, with no pro rata reimbursement, until production is marketed and sold off the Premises or such well is plugged and abandoned according to law.

2.2 A one-time, paid-up bonus payment for a Non-Surface Use Oil and Gas Cooperative Agreement will be due and payable to the Commission within thirty (30) days from the Effective Date of this Agreement. Said bonus payment is subject to title

verification by Producer and proper execution and delivery of all Agreement documents by Commission. Said bonus payment will be set at Three Thousand and No/100 Dollars (\$3,000.00) per net acre of oil and gas rights owned by Commission, or Six Hundred Ninety-Seven Thousand Six Hundred Eighty Dollars and No/100 (\$697,680.00).

OIL ROYALTY

3.1 Producer shall pay to Commission, as royalty, eighteen percent (18%) of the field price per barrel (42 U.S. Gallons) at 60 degrees Fahrenheit produced and saved from the Premises for all oil, condensate, and other liquid hydrocarbons of like grade and gravity which prevail in that area on the day such oil and other products are run into the pipeline or into storage tanks; the amount to be paid to Commission will be the eighteen percent (18%) royalty multiplied by the fractional interest held by Commission in the unit. There shall be no deductions for marketing or production costs.

3.2 Producer shall gauge, measure, sample, and test all petroleum and petroleum products in accordance with standard practices as outlined in American Petroleum Standard 2500, January 1, 1955, or as subsequently amended by the same authority, and at a temperature base of 60 degrees Fahrenheit. Producer shall provide tanks for accurately measuring the crude oil produced from the Premises. Positive copies of one hundred percent (100%) capacity tank tables are to be furnished to Commission or other acceptable standards of measuring production.

GAS ROYALTY

4.1 Producer shall pay to Commission, as royalty, the greater of eighteen percent (18%) of the gross proceeds received by Producer from the sale of all natural gas, casinghead gas, or other gaseous substances or eighteen percent (18%) of the market value of all the natural gas, casinghead gas, or other gaseous substances of like quality from each gas well drilled under the Premises or on lands unitized therewith. There shall be no deductions from the value of the Commission's royalty by reason of any required processing, cost of dehydration, compression, transportation, or other matter to market such gas.

PAYMENTS

5.1 Producer shall be held responsible for the payment of all royalties and delay in marketing or shut in or bonus payments. Payments shall be mailed to:

NGWA Program Coordinator
Office of Administration
PA Fish and Boat Commission
P.O. Box 67000
Harrisburg, PA 17106-7000

All checks shall be made payable to Pennsylvania Fish and Boat Commission. Payments of royalties shall be made monthly within sixty (60) days after each monthly sales period, unless otherwise approved in writing by the Commission.

5.2 Producer shall submit statements each calendar month in the form of royalty check stubs detailing the production and sales of oil, gas, other hydrocarbon products, and other products from wells drilled upon lands unitized with the Premises within sixty (60) days after each monthly sales period. All statements and reports must be submitted to the NGWA Program Coordinator.

5.3 Once it has been determined by Commission that Producer is in default in the payment of any sum of money payable under provisions of this Agreement for thirty (30) days, Commission shall notify Producer in writing. Producer shall have thirty (30) days from date of notice to respond or cure said notice. If Producer fails to respond or cure, then Producer agrees to pay an additional twelve percent (12%) annual interest on the defaulted amount calculated from the time of such default. This provision is in no way a waiver of the requirement to pay on time.

FIRST WELL

6.1 Unless sooner terminated as otherwise herein provided, Producer shall spud a well on acreage with which the portion of the Premises is unitized, within five (5) years from the Effective Date of this Agreement and shall drill said well with due diligence. In the event the aforesaid well is not drilled or spud within the above mentioned five (5) year period, the Agreement shall be automatically terminated in its entirety,

unless Commission approves in writing, thirty (30) business days in advance of the expiration date of this Agreement, the continuation of the Agreement on a year to year basis.

6.2 It is understood that this Agreement is being granted for the purpose of permitting Producer to unitize the Premises with other properties, which other properties shall bear all the burden of surface development. Commission understands and gives consent that, due to slant (directional) or horizontal drilling originating from surface entry on a parcel not owned by Commission, the wellbore(s) may pass through or terminate below the Premises.

SUBSEQUENT WELLS

7.1 If the First Well drilled by Producer pursuant to this Agreement is productive of oil and/or gas and the well is expected to return the investment and operating costs on that well during the anticipated productive life of the well to its economic limit, Producer shall drill one (1) additional well on the same unit in which the First Well is drilled and commence said well no later than twelve (12) months after the end of the primary term of this Agreement.

7.2 The amount of acreage included in a spacing unit shall be regulated by the Pennsylvania Department of Environmental Protection (DEP), or in the absence of an order by the DEP, eighty (80) acres where oil is being produced as the principal product of such well, or six hundred forty (640) acres where gas is being produced as the principal product of such deep well which has been drilled to the Marcellus Shale Formation or deeper, or one hundred twenty (120) acres where gas is being produced as the principal product of such shallow well which has been drilled above the Marcellus Shale Formation.

DEVELOPMENT

8.1 Subject to Paragraph 7.2, Producer agrees to drill such wells as a reasonably prudent operator would drill under the same or similar circumstances and after discovery of oil or gas on the Premises and to develop and produce from the Premises efficiently and economically.

UNITIZATION

9.1 Producer shall have the right at any time or times to pool and consolidate the Premises, in whole or in part or as to any stratum or strata, with lands or leases adjacent to or in the immediate vicinity of the Premises, so as to constitute a unit or units for the purpose of entering, with the owners and/or lessees, into joint operating agreements providing for the joint operation and development of the Premises or portions thereof with adjoining lands.

9.2 Any well drilled on any such unit whether or not located under the Premises where Commission is receiving royalty shall nevertheless be deemed to be located upon the Premises within the meaning of and for the provision and covenants of this Agreement to the same effect as if all the lands comprising such unit were described in and subject to this Agreement.

9.3 Upon production from any part of any such unit, Commission shall be entitled to and accept, in lieu of the eighteen percent (18%) oil and gas royalty hereinbefore provided, that proportion of such eighteen percent (18%) which the acreage consolidated bears to the total number of acres comprising said development unit.

CONTINUOUS OPERATIONS

10.1 If, at the expiration of the Primary Term, oil or gas is not being produced from the Premises, but Producer has commenced the drilling of a well on lands pooled with the Premises, the Agreement will not terminate but will remain in effect for so long thereafter as operations are carried out with due diligence with no cessation of more than ninety (90) consecutive days, and if the operations result in the production of oil or gas, the Agreement shall remain in force as otherwise provided herein.

SEISMIC SURVEYS

11.1 Producer, its agents, contractors and subcontractors and employees of contractors and subcontractors shall have the right to conduct seismic surveys over and across the Premises, provided such seismic surveys are for the exclusive benefit of Producer, its partners, working interest partners, successors

and assigns and are not for a third party sale. Prior to conducting any seismic work on the Premises, Producer shall submit to the Commission's NGWA Program Coordinator for consultation and coordination a map showing the location of each and every seismic line and avoid to the fullest extent possible any adverse impacts to critical/unique aquatic habitats and/or aquatic resources as determined by the Commission and/or real property improvements as determined by Commission. Commission shall approve in writing, within forty-five (45) business days, Producer's plans for seismic activities on the Premises. When Producer's seismic lines cross Commission lands not under agreement with Producer, Producer must obtain the customary Seismic Survey License from Commission. Producer agrees that seismic surveys will not be conducted on the Premises during the first two weeks of trout season and other periods identified by Commission.

WELL RECORDS, LOGS AND REPORTS

12.1 Within thirty (30) days of written request by Commission, Producer shall furnish to Commission production and status reports as required by 25 Pa. Code §78.121 for submission to the DEP for any wells drilled and completed upon lands unitized with the Premises. Furthermore, within thirty (30) days of written request by Commission, Producer shall furnish to Commission well records and completion reports as required by 25 Pa. Code §78.122 for submission to the DEP for any wells drilled and completed upon lands unitized with the Premises.

AUDITS

13.1 Producer grants to Commission the right to examine, audit, or inspect books, records, and accounts of Producer pertinent to the purpose of verifying the accuracy of the reports and statements furnished to Commission, and for checking the amount of payments lawfully due under the terms of this Agreement. Commission agrees to provide Producer with at least thirty (30) days written notice prior to conducting any audits in accordance with this provision. Said audits shall occur at Producer's offices at Commission's sole expense and shall be limited to those records relating to wells drilled pursuant to this Agreement for any calendar year within the twenty-four (24) month period following the end of such calendar year. Said audits shall not be conducted more than twice each year.

Producer agrees to provide every aid to enable such audit to be made by Commission. If such audit should reveal any gross error or fraud by Producer in payment of royalties, then Producer shall pay the cost and expense of the audit together with the deficiency.

PRODUCER'S TERMINATION

14.1 Producer may at any time, or from time to time, surrender this Agreement or any portion thereof if Producer is not then in default of any obligations under this Agreement; provided, however, that such surrender must be evidenced by written notice delivered to Commission at least thirty (30) business days prior to the effective date thereof, and that Producer has performed all commitments with which Producer is charged as of the effective date of the surrender. The "FIRST WELL" provision shall not be regarded or construed as a commitment or obligation under this paragraph.

14.2 Should Producer surrender a portion of this Agreement and retain producing wells, Producer shall be entitled to retain that acreage attributable to each well as previously provided under Paragraph 7. As to any other acreage, Producer shall deliver to Commission a surrender in duly recordable form approved by Commission. Producer shall be relieved of all obligations thereafter accruing as to acreage surrendered, and any payments thereafter coming due shall be reduced in the same proportion that the acreage covered hereby is reduced; provided, however, that Producer shall not be relieved of any obligation which accrues prior to such surrender even if the result caused by Producer's performance or failure of performance of an obligation or covenant does not manifest itself until after the date of surrender.

14.3 Producer shall not be granted a final release from the terms of this Agreement until all records and reports and other data required herein have been provided to Commission, all other terms of this Agreement have been met and Commission's authorized representative has met with Producer's authorized representative on the ground and inspected the Premises, and both parties have signed a Statement of Release. Said release shall not be unreasonably withheld by Commission.